



## DOCTOR OF BUSINESS (DBA)

### **A university in a period of disruption identity as an explanatory interpretation of strategic decision-making**

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*Award date:*  
2016

*Awarding institution:*  
University of Bath

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# **A university in a period of disruption: identity as an explanatory interpretation of strategic decision-making**

**Edilio Mazzoleni**

**A thesis submitted for the degree of Doctor of Business Administration**

**(Higher Education Management)**

**University of Bath  
School of Management**

**May 2016**

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## Acknowledgments

I do not deny that undertaking the doctoral program was an arduous journey and that the final stage of thesis writing had many hurdles, with some moments of discouragement and some close call to give up due to feeling of being unable to cope with both my work responsibilities and my studies.

There are a number of people who have helped me along the way that I would like to acknowledge:

The four international scholars who I dare to call friends and who, on that typical foggy and gloomy Milanese night in November 2012 in a restaurant, took me aside and persuaded – shall I say almost threatened – me to continue my studies. Thank you Francisco, Stephen, Hans and John for your support. Without that talk I might not be writing this acknowledgement right now.

The man who meant a lot for the development of my professional life and who coincidentally died on the same day of my submission date – May 12 – 5 years ago. When I asked him whether he believed I would be able to complete the DBA program, his answer was “is the Pope Catholic?”; I am glad that my answer to him back then could have been “yes”. Thanks Tony.

The DBA Directors for their patience, understanding, direction and support. Thank you Rajani, Jeroen and Robin.

My mom who I lied to about my study interest when I had to decide what to study between Business and Literature and which university to attend for my undergraduate studies. I told her I wanted to study Humanities but in fact that was the only course that wasn't available near my hometown. If she were here, she would know by now that I was lying. No, mom, I didn't want to be a teacher of Italian literature.

My friends who stayed next to me for the whole duration of the program to the point of sacrificing their holidays to make study at my place in the mountains, St. Antonio, comfortable and free of preoccupations about food, etc.. Thanks Domo, Smea, Andrea, Roberto, Daniele, Marco, Stefano, Giamba, Fulvio and Edo.

Adriano who lived next door in St. Antonio and who for eight years came every evening while I was studying there to play cards with me to give me some break from an intensive day of study. Thanks Adriano for your friendship and for the many

victories against our opponents. I wish you were still here to see the result of my study.

The man from whom I learned that life is made by both joy and pain and who showed me how enjoyable it can be and worth being lived. Thanks Luigi Giussani.

The former Rector of my university and former Italian Minister of Culture who supported from the very beginning my wish to undertake a DBA. Thank you Prof. Ornaghi.

My dad who knows I have been up to something important but never quite understood exactly what it was. Dad, the pages that follow are the reasons why I did not come to see you and had to skip Sunday lunches. I am very thankful to you although we both are not genetically designed to express those feelings with words.

My colleagues who understood and literally made up for my absences from the office when the study became very intensive. Thanks guys I appreciated it!

Finally, the person I consider the most important; the one who has been able to accompany me with intelligence, passion, dedication, understanding, love, friendship, critique, humor, sympathy and beauty. The one I discussed each step with before taking it, almost my critical awareness. The person who was able, as we used to joke about it, to review my Shakespearian English down to vulgar spoken one that normal people could understand (clearly joking). The one who called me to order when it was needed; who knows how to be nice to recover me from frustration as well as severe to prevent me from wasting time. I owe you a lot. Thanks Léa!

## **Abstract**

This study is aimed at verifying whether organizational identity may be a factor in steering institutions of higher education in a process of change called for by internal and external circumstances.

The thesis is built on a case-study of an Italian non-state University that experiences a situation of disruption due to a reduction of governmental funding, a decrease in student enrolment, and an unfavorable national higher education context.

The study makes several contributions to existing theories elaborated on organizational studies, higher education policy, and higher education management. In particular, it tries to set a relation between Organizational Identity Theory (Albert and Whetten, 1985) used as theoretical framework, strategic management and leadership in HE.

Empirical evidence gathered from the case-study suggest that the context impacts the formation and subsistence of organizational identity and the efficiency of managerial practices and leadership. The higher education system and the funding model in place may favor or prevent the exercise of autonomy and creation of a governance model conducive to a strategic change process.

The parameters of the research are set on a specific and limited timeframe, the period of crisis during which tension within the university arose. The research is based on interviews of senior management staff, academic and administrative. The interviews are semi-structured and generated by open-ended questions. The approach to the data collection through interviews is ethnographic and interpretive-constructivist. The data is then validated through documentary analysis.

The analysis has made evident that the difficulties experienced by the University are tied to the leaders' diverse understandings of organizational identity and how these affect the leaders' strategic decisions. This work demonstrates that the effectiveness of any strategy depends largely on the existing conditions, that is the autonomy and its use as reflected in the governance model, rather than its strategy's content or form.

## Chapter One – Introduction

My research interest is directly connected to the institution of higher education where I currently work as Director of the International Office. My institution, Università Cattolica del Sacro Cuore (UCSC), a non-state university, is now facing a situation of crisis due to a consistent reduction of governmental funding, a decrease in student enrolment, and an unfavorable legal settlement through which the government unilaterally cancelled funds previously allocated to the University.

This crisis of the past six years, from 2010 to 2015, and after many decades of growth and consistent availability of abundant resources, during which the majority of organizational decisions have been simply made to maintain the *status quo*, has forced the University to make important strategic changes.

Within this time frame a tension has risen among its decision-makers who have yet to come to an agreement regarding an adequate solution to adopt in addressing these new challenges. The discourse has been increasingly polarizing the members of leadership into two “factions”: on the one hand, those who feel uncomfortable adopting a model based on economic rationality; and on the other those who argue that a sole ideological approach defined by the University’s Catholic values would threaten its existence.

In my role of senior manager within the organization I noticed that every discussion led to the core identity of the University, or the perception or knowledge that each member of the organization had (or claimed to have) of the said identity, no matter whether the focus was on the budget (salary reduction), the marketing of a degree program or the dismissal of an out-of-date practice, such as the one of using new envelopes for internal communication instead of recycling old ones.

In fact, I realized that the miscomprehension of each group’s point of view (or conception), that is the lack of consensus for the common good of the University,

would result in an impoverishment for the Organization in a crucial phase. I therefore decided to investigate this phenomenon further as a research project.

The primary aim of the project is therefore to explore and attempt to understand how the University's character, or identity, influences its organizational policies, practices and behaviors. I have thus articulated the following research questions:

1. How do senior managers, both academic and administrative, under the current circumstances, perceive the University's identity?
2. How does the perception of the identity shape strategic decisions?

The first step in addressing these questions was to establish the context in which UCSC operates and the setting that explains why the University is now in financial difficulty. Since my research is focused on institutional identity I provide in Chapter Two information regarding the University's history that highlight specific features and characterizations of the Institution that have evolved over time.

In the case of UCSC, a non-state university, the higher education (HE) system in which the University has developed is as important as its history. Thus, some information on the HE system is given for the purpose of placing the University in the broader national context. Finally, I also present the phases the University went through to end up in retrenchment which triggered the need to develop an institutional strategic plan. It was during the working sessions on the University strategy that the identity of the Institution surfaced as an issue and thus inspired my research interest.

In Chapter Three I examine the relevant literature to further frame my research. While conducting research on the identity of higher education institutions, the review of literature on organizational theories of higher education institutions, in particular that focusing on Organizational Identity Theory, revealed to be fundamental to understand how universities are affected by their individual culture

and identity and how consequently they respond to the external environment. I identified through the literature review a theoretical framework of analysis within organizational theories, Albert and Whetten's Organizational Identity Theory (1985), which I retained most appropriate.

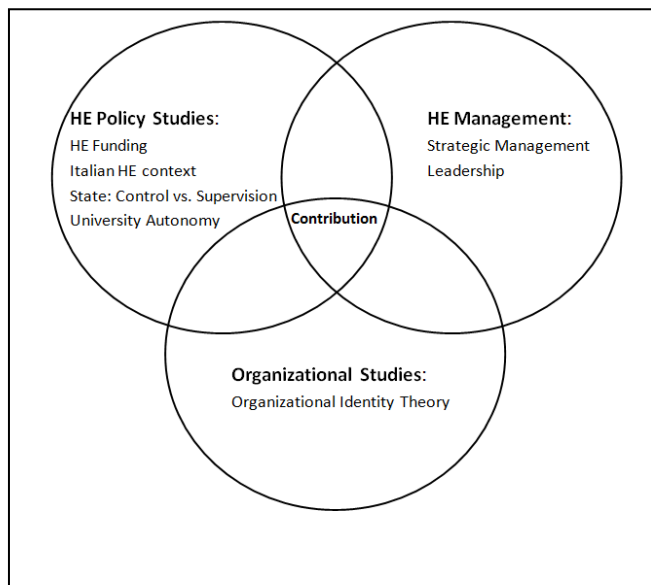
Over the last thirty years the HE sector has undergone a significant transformation which has affected universities and their identities. "The drivers behind these developments are closely linked to the de-regulation of domestic higher education systems and their growing internationalization, with universities increasingly seen as competitors in a more market-like higher education sector" (Stensaker, 2015, pp. 104-105).

Other external factors such as the role of the state and its funding model to subsidize higher education directly contribute to environmental changes and impact organizational identity, and should therefore be subject to further analysis in the literature review. And finally, to understand how individual HE institutions react in this fluctuating environment, it is necessary to look into aspects of strategic management and the role of leadership.

Thus, by using concepts borrowed from studies on organizational theories and combining them with research conducted on HE strategic management and HE policy and funding models, I expected to gain a better understanding of the phenomenon taking place at UCSC.

Figure 1.1 shows the three main bodies of literature topics considered for the research. The area of contribution to this study is marked by the intersection of the three bodies.

**Figure 1.1 - The contribution of this research to the existing studies**



Having found the theoretical framework that I would use as a construct to understand the phenomenon at work at UCSC, that is Albert and Whetten's Organizational Identity Theory (1985), I proceed in Chapter Four with the description of how the case-study was developed and my choice to conduct a pilot case-study. In fact, given the complexity of the institution (e.g. at the time of data collection and analysis there was no legal, financial and economic distinction between the University and its Hospital, Policlinico Agostino Gemelli in Rome) and my concern about not being able to define in a research proposal the clear boundaries of the case, I made a decision to conduct a pilot case-study to verify whether a clear line could have been drawn between the two – the University and the Hospital; and contextually assess the research design I had chosen. The pilot was useful to determine whether the premise of my research was well founded. It also helped in identifying and fine-tuning the research parameters I would use for the case-study, such as the sample size and the methods of data collection.

Having established the basis of the case-study design, I present the design and methods chosen for the extended case-study and explain the rationale for the research methodology, the structure of the interviews, data collection, the cross-



validation with documentary analysis (meetings' minutes, institutional reports, etc.), and how the data is to be analyzed.

My evaluation and analysis of the data collected are provided in Chapter Five and Six. I have structured the chapters around key findings, Chapter Five focusing on findings answering my first research question and Chapter Six on those answering my second one. Each finding refers to the specific data and source used (e.g. interviews, documentary analysis, etc.). I provide a description of how the data was analyzed (Yin, 2003; Creswell, 2003) and the coding system utilized. At the end of each finding I offer my interpretation of the analysis (discussion) meant to provide "a lens through which readers can view" (Creswell, 2003, p. 205) the object of my investigation. I conclude Chapter Six with a data display, as suggested by Miles and Huberman (1984), that summarizes all findings and that supports my narrative (Punch, 1998).

Since the core of my investigation is to discover and understand whether the University's identity is the primary and essential factor that influenced its organizational policies, managerial practices and staff behaviors, my final analysis and conclusions, which are provided in Chapter Seven, should make evident that the difficulties experienced by UCSC in its attempt to initiate a strategy do not reside in the Institution's willingness or proclivity, or lack thereof, to define a strategic plan but are tied to the leaders' diverse understandings of organizational identity and how these are reflected in their strategic choices.

As part of my concluding chapter I also provide suggestions and recommendations for the HE managerial sector and policy-makers, and discuss the limitations of the study together with questions for further research.

## **Chapter Two – Research context, institutional Identity and historical background**

The aim of this chapter is to set the context in which Università Cattolica del Sacro Cuore (UCSC), the Italian higher education institution (HEI) selected for my case-study, operates, and to provide the background that explains the reasons why the University is now in financial difficulty.

Since my research is focused on institutional identity I will provide some historical background with a specific focus on how the University's identity has been shaped over the years and comment on important events in its history and how it relates to its character. "The case study is preferred in examining contemporary events, but when the relevant behaviors cannot be manipulated. The case study relies on many of the same techniques as a history, but it adds two sources of evidence not usually included in the historian's repertoire: direct observation of the events being studied and interviews of the persons involved in the events" (Yin, 2003, pp. 7-8).

In the case of UCSC, a non-state university, the HE system in which the University has developed is important as it is likely one reason that truly explains why UCSC is currently in a critical situation. Thus, some information on the HE system will be given for the purpose of placing the University in the broader national context. In doing so, I am following Punch's (1998, p. 270) recommendation that "there are many ways a topic can be introduced, and all topics have a background and a context. These need to be dealt with in the introduction, which sets the stage for the research." Additionally, I will also present the phases the University underwent to end up in retrenchment that triggered the need to develop an institutional strategic plan. It was during the working sessions on the strategy that the identity of the University became an issue, and thus the object of my research.

Contemporary discourse on higher education is driven by theories on management and organization, which are meant to find the best model to adopt for the development of an institution. The "how to do things" and "what things to do"

seem to be the prevailing questions (Shattock, 2003; Marshall, 2007; Preston and Price, 2012). However the initiatives that are most impacting on the life of an institution, such as “which academic programs to maintain” or “what students’ service to improve”, reveal that there is a relevant aspect which most defines an organization, that is its identity. This identity can be utilized to steer an organization in difficult times (Weerts et al., 2014; Stensaker ,2015). In fact, this attribute has to do with “who we are” and consequently “why we do things” (Albert and Whetten, 1985; Whetten, 2006). Although very important, organizational identity might not be taken into proper consideration when setting up a new strategy, resulting in a risk of not meeting the objectives for which the organization itself exists and functions. The literature defines identity as the “central, enduring, and distinguishing” aspect of an organization and regards it as the fundamental character of a university (Albert and Whetten, 1985).

My research effort has the purpose of explaining how the identity of UCSC has become central to the discourse on recent strategic management choices within the institution and how the identity has been developed since its inception. A particular consideration is given to the history of the Institution as a way to understand how it has influenced the creation of the University’s identity but most importantly to detect and define what has been regarded as the central, enduring and distinctive features of this identity (Whetten, 2006).

My assumption is that the dissent among the University leaders might have been triggered by the fear of some of them of compromising what they believe to be the genuine and unique distinctive identity of UCSC by putting in place managerial practices that might have altered the University’s uniqueness. “Universities are often portrayed as, and have been found to be, quite stable organizational forms where it is difficult to initiate and implement change. However, numerous empirical studies have also found that universities are undoubtedly changing both due to internal developments and external dynamics” (Stensaker, 2015, p. 103).

## **2.1 The origin of UCSC and its identity through history**

UCSC was founded in 1921 by Father Agostino Gemelli. Since its foundation, identity has played a strong role as the founder conceived the University as a place where an alternative educational option was to be built in contrast to contemporary society values. The rationalist ideology prevalent at that time, in strong opposition to the Catholic doctrine, created the conditions for the advent of a strong nationalist feeling in Italy (Bocci, 2003) and, as a consequence, contributed to a scarcity of educational models other than those imposed by the fascist regime.

Another perspective from which to look at the University's identity is to see whether the elements which were present at the beginning of its inception have been recurring claims throughout its history. "When the organization is forming and defining exactly what its niche will be, question of goals, means [...] (all of which are components of defining who and what the organization is) will be salient" (Albert and Whetten, 1985, p. 274).

UCSC was set up as an entirely private university funded through donations made by Italian Catholics and student tuition. This is how the Founder, who was also Rector, acknowledged the University's stakeholders in 1922: "Our university is born thanks to the willing contributions made by a number of friends. [...] These are simple and good souls of Catholic Italians who entrust us with their children and their money" (Cova, 2007, p. 35).

Father Gemelli, with a group of friends, Necchi, Olgiati, Lombardo and Barelli (Cova, 2007), by means of founding a higher education institution, intended to actively participate as Catholics in the cultural and political national discourse.

In its design the catholic intellectuals had the assignment to demonstrate theoretically and to realize in practice the convergence between faith and scientific knowledge; that is provide a concrete and tangible response to the critiques reserved to Italian Catholicism, assuming with a degree of certainty that faith could in fact become culture and that from the cultural objective it could induce an original and fecund trend from which a new and better Italy would emerge. (Bocci, 2009, pp. 32-33)

The University defined itself early on, in the words of its founder, as a Catholic institution different from other similar HE institutions in opposition to the state universities. “A primary meaning of the term identity in most formulation is that identity is a classification of the self that identifies the individual as recognizably different from others” (Albert and Whetten, 1985, p. 267).

Devotion to its mission has also been the motivation to act as precursor in academic and organizational innovation, creating models that the state itself has often later emulated. For instance the University originated from a foundation, Istituto Toniolo. Decades later Italian state universities adopted that model after the approval of the 2010 HE Reform. For both UCSC and the state universities, the dependence on a foundation meant a distancing from the government and thus the ability to remain autonomous from it.

In 1985 Rector Bausola restated the importance of the University governance arrangement as “[t]he need to guarantee the freedom and critical self-awareness in the choices of individuals is undoubtedly necessary for every type of institution” (Cova, 2007, p. 588). UCSC as early as 1919, and later the State (Gelmini Reform, 2010), found in such a model the best way to guarantee the independence of the HE institutions from the state. This autonomy would have allowed each university to develop on the basis of its own features. As for freedom and autonomy, UCSC has been a frontrunner for public HE institutions in Italy.

Two years after the University’s inception in 1919 the first courses were offered in Philosophy and Social Sciences (Mangoni, 1986). Even the choice of courses was related to the identity of the University (Campanini and Traniello, 1982; Lenoci, 1998) as the education and preparation of students for any profession could not be possible, according to the founder in his address given during the first academic year inauguration ceremony in 1922, without a solid ground in Philosophy, considered as an essential discipline for the student’s formation (Cova, 2007). Whetten would define it as an identity claim: “organizing is the process by which

organizations make themselves known as a particular type of social actor” (Whetten, 2006, p. 224).

In 1924, three years after the first courses were offered at UCSC, the Italian government granted legal status to the Catholic Institution which allowed the University to issue degrees recognized by the State (Regio Decreto, October 2, 1924). The same year the first two Schools were officially established, that is Humanities and Law (Cova, 2007). This is obviously a significant milestone in the early history of UCSC. In fact, the 68 students that enrolled in 1921, did so without being certain of having their studies recognized by the State (Bocci, 2009). And at the same time, the University acted for three years “outside the law” since there was no guarantee that its degrees would have been officially and formally recognized.

However, free from any regulatory requirement in the starting phase, a unique educational environment was created that was capable of drawing students, who later would have also become leaders in the post-war reconstruction, and of attracting distinguished professors from other Italian state universities into its faculty community. In the words of the Rector pronounced in 1923 the distance between the University and the state is perceivable:

The mission of our university is that of guiding the national life back to the origin of greatness and wellbeing which is religion [...]. We willingly accept to submit to this discipline and control all the while occupied to demonstrate with facts that the awarding of legal status to our university and the right to issue degrees is not the result of a generous concession but is deserved as we have demonstrated to be mature and ready for liberty. (Cova, 2007, p. XXIII)

Another important feature which differentiates UCSC from state universities, especially considering that historical period, was the freedom and autonomy – not granted at governmental HE institutions – recognized to faculty members, which UCSC’s founding body conceived as “the primary condition thanks to which professors can contribute to the education of the students and therefore the progress of the nation” (Cova, 2007, p. 22). The formation of the identity “is

affected by the historical forces operating at the time” (Albert and Whetten, 1985, p. 273). Freedom and autonomy are an essential feature of the institution. The founder confirmed this in 1922 as he described the University as a community where professors and students regularly meet to discuss and exchange ideas that emerge through the research undertaken by its scholars (Cova, 2007).

UCSC was envisioned as a unique university to educate Italians, in a country where agriculture was the primary economic activity and where illiteracy was high among its population (Istat, 2012). Gemelli instilled in the University a unique sense of connection to the world and laid the basis for a tradition of leadership in the country (Bocci, 2009).

For UCSC, keeping its autonomy and independence from the state was an important driving factor to establish ties with other international institutions. UCSC has had an international outlook from the very beginning, probably facilitated by being a Catholic institution and part of such a large network of similar universities, and through its example other public institutions made an effort to create such an international profile, as the founder reported in the opening of the academic year in 1926:

Since 1924 I promoted together with the Rector of the University of Nijmegen the foundation of the Federation between the Rectors of Catholic Universities with the goal of fomenting exchanges and assistance between them. [...] This event was so particular and important that during a meeting of the [...] League of Nations the General Secretary noted that the Catholics had demonstrated with their example all that was needed to further the international relations between universities. (Cova, 2007, p. 73)

The Rector referred to a meeting held with a limited number of European Catholic universities which would be the first step taken toward the creation of a network of International Catholic Universities (IFCU: International Federation of Catholic Universities) which over the years has grown consistently (Grace and O’Keefe, 2007): from 3 (1924) to 192 in 2015 (Pontifical Council for the Laity, 2015).

I underline the concept of freedom and autonomy because it highlights the confrontational relationship that has since then existed between UCSC and the Italian State (Rumi, 1983; Pizzolato, 2007; Campanini and Traniello, 1982), which, as I will demonstrate, is also responsible for the latest retrenchment phase of the University.

Both the different conception of freedom between the liberal state and the University's founder as well as the debate on this subject have significantly modeled the identity of the University. In fact, from the very beginning Fr. Gemelli rejected the idea that the state should impose the content of the academic offering and decide the method of its delivery (Campanini and Traniello, 1982). In his words of 1925 the state did not want the University's autonomy and prevented its freedom to develop within the HE system:

For some strange contradiction those who should have been more arduous and efficient in securing the liberty and autonomy of the university, that is the followers of liberal doctrines, have not been, nor are, hard negotiators, as it seems to them that giving freedom to university organisms would mean attacking the integrity of the State. (Cova, 2007, p. 48)

In 1926 the Economic, Political and Social Sciences disciplines stemmed from the School of Law and later in 1931 the School of Political Science, Economics and Business became independent. The School of Education was established in 1936.

The enduring aspects of the original identity (Albert and Whetten, 1985) has contributed significantly to development of UCSC. Since its inception it has led originality in education in response to the changing needs of Italian society. For instance, in 1946 the School of Economics and Business separated from Political Science to respond to the need of those enrolled in the University while working and decided to open its first evening course.

The founder's inspiration, which was fully embedded in the University's mission, was an important driver for UCSC throughout the war period and the rest of its history, and not only in its academic endeavors. UCSC was originally founded with



the aim to promote the reconciliation between faith and science and was developed based on both the values of Catholicism and pluralism with a commitment to social and economic progress of the nation (Rumi, 1983).

The University still retains a great sense of pride for how it preserved its belief in autonomy and freedom with determination during Fascism, to the point that in 1945 the Rector Gemelli exclaimed:

Our university was in a fight since its early days, without hesitation or doubts [...] and consisted in addition to the diffusion of the first clandestine press, and in the exchange of ideas to set future actions, in the protections given to prisoners of allied forces, to the Jews and political enemies. (Cova, 2007, p. 290)

In fact, according to Bocci (2003) UCSC was under scrutiny by the Fascist regime and faced the risk of being shut down many times.

After the Second World War the University continued its expansion toward other cities. In 1949 the corner-stone for the building that will later become home of the School of Agriculture was set in Piacenza (Cova, 2007).

In 1958 approval from the state was obtained for the opening of the School of Medicine and Surgery. Simultaneously at the School of Medicine the construction of a hospital started in 1959. The Hospital, inaugurated in 1961, was named after Fr. Agostino Gemelli who died in 1959. In the vision of the founder the University was to become a comprehensive university, and should therefore include the hard sciences. Furthermore it would not only be present in Milan where the University was founded but was to expand to reach other regions in the country. This explains the presence of UCSC campuses in other cities. (Cova, 2007; Bocci, 2008)

Even after Father Gemelli's death in 1959 the University continued to develop under the Rectors Vito (1959-1965), Franceschini (1965-1968) and Lazzati (1968-1983). In 1965, a new branch opened in Brescia with courses offered in Education and in 1971 the School of Mathematics, Physics and Natural Sciences was created at the same campus.

The University endured the student disorders of the 1960s and the acts of terrorism of the 1970s. UCSC was actually the birthplace of the Italian students' protests. On November 14, 1967 the University was taken over by a group of students (Pezzotta and Gilardelli, 2011) and in order to prevent disorders on the campuses the academic year inauguration ceremonies were suspended until 1984. Upon resuming the ceremony that year, Rector Bausola declared: "Our university [...] has felt the effects of the waves of dissent, knowing how to manage the moves towards change, discerning between those convulsing, irrational and demagogic, and those reasoned and useful, and facing the problem of its own renewal" (Cova, 2007, p. 581).

The 1990s, under the Rector Bausola (1983-1998), saw the establishment of three new schools: Banking and Finance, Languages, and Psychology.

In early 2000, with Rector Zaninelli (1998-2002) the School of Sociology (2001) became the fourteenth school. In the following years the number of schools were reduced to twelve under the term of Rector Ornaghi (2002-2012): in 2012 the School of Sociology was absorbed by the School of Political Science due to the relatively low number of student enrollments and for the same reason the second School of Law at the Piacenza Campus merged with the School of Economics and Business.

In 2015 these are the Schools sorted by location; in Milan: Economics and Business, Law, Humanities and Philosophy, Political and Social Sciences, Banking and Finance, Education, Psychology, Languages and Foreign Literatures; in Piacenza: Food and Environmental Sciences, and Economics and Law; in Brescia: Mathematics and Physics; and in Rome: Medicine and Surgery.

Currently the University enrolls 35,136 (December 31, 2015) students of which 24,064 in Milan, 4,987 in Rome, 2,867 in Piacenza and 3,218 in Brescia (UCSC Statistics Office, 2015). It is a comprehensive, intensive research non-state university.

In recent years, complying with its character of facing the changing needs of society, UCSC has been one of the first HE institutions in Italy to respond to internationalization challenges by developing academic programs taught entirely in English. And today UCSC sees itself as holding coherently to its founding values in the face of shifting economic and societal beliefs.

The dangers identified by Father Gemelli are the same we face today: the pressure of going towards homogenization of educational processes generated from the need to transmit skills to be used on the market, and the risk of losing originality in scientific research which is only financially sustained when it tends to develop technology that is applicable in productive processes. This threatens to diminish the fundamental obligation and role of the university, which is the education of the young to create vital and creative energy, and not keeping the status quo. The non-theoretical risk is that institutions of higher education are reduced to the mere function of a factory issuing spare parts for a productive mechanism” (Rector Anelli, 2015, UCSC Press Office).

And the recurrent theme is the right to be a non-state university that provides a different kind of education, based on its well-rooted identity in Catholic values (Bocci, 2008).

This has become a refrain in the life of UCSC. Even during the recent turbulence caused by the worldwide financial crisis (2008) the University perceived itself as a contributor to Italian society. This is how Rector Ornaghi defined the role of the institution by recalling the view of the founder:

our university must show a consolidated effort of all, and in more than one case, a renewed capability for effective action. [...]. And this is how it shall be done, as we do indeed to be a laboratory rich of live culture. This is the laboratory, the one imagined and desired by Father Gemelli - needed in order to have the catholic spirit and the catholic concept of the world enter the heart of reality of every historic moment thus contributing to preparing and to building a better tomorrow [...]. (Ornaghi, 2011, UCSC Press Office).

A week after his speech, professor Ornaghi was called upon the new Monti Government to contribute in the role of Minister of Culture.

In conclusion, UCSC's history shows that the institution takes its strength from its Catholic roots. Meanwhile the growth of such an institution in an adverse context (i.e. state fascism) has made its Catholic origin coincide with autonomy, independence and freedom. This overlap might also explain the idiosyncratic attitude that grew since its inception against any form of "control and command" by the state as witnessed by the analysis of its rectors' speeches in occasion of the academic year inauguration ceremonies. "This observation suggests that efforts to understand a particular organization's identity claims should begin at the top of an organization's nested arrangements of (central, enduring and distinctive) attributes" (Whetten, 2006, p. 225).

The University's alternative stance to the fascist education program, and therefore its opposition to the government made sense at the time, however it may not be as obvious in today's context. In fact, the dynamics between non-state universities and the government have not changed much as the state persists in wanting some control over all Italian universities, in particular those that do not belong to the state.

In order to understand how UCSC's identity has emerged, it is not sufficient to look at its origins, which in UCSC's case was the inspired vision of a charismatic man, Fr. Agostino Gemelli, who wished to provide a different type of education based on Catholic values which he put into practice; it is also necessary to contextualize his effort within the Italian higher education system then and today. I will try to provide a description of the exogenous factors that have contributed to modeling the identity of UCSC and making its identity even stronger over time. In fact, environmental complexity is one of the factors that contributes to either keeping or altering one organization's identity (Albert and Whetten, 1985; Whetten, 2006; Stensaker, 2015).

## 2.2 The higher education system in Italy

The Italian higher education system has been characterized by a centralized regulated approach by the state. This approach was established in the XIX century during the unification time and has survived for centuries despite the many attempts to reform it into a more decentralized and diversified manner.

The pervasive attitude of the state to reiterate the same inefficiencies in its HE system, and then the failure to provide autonomy, can be detected in the speech given in 1941 by the Rector. Gemelli was referring to the imposition of the state to control over the content of the academic programs and thus preventing the University from offering courses based on its identity. As a result, students were not encouraged to look for a better university but rather for a “piece of paper”: “The young rush to university because [...] many are encouraged to enroll to get a qualification, nothing more or better than a degree [...]” (Cova, 2007, p. 264).

Later in 1951, he criticized a trend which still affects the life of Italian universities, that is the so called phenomenon of “*fuori corso*” students, those who do not finish their study in a given time-frame but keep enrolling on the university for years, until they earn their qualification, either for a lack of skills or willingness to finish. “There is in Italian universities a serious phenomenon, the one called '*fuori corso*' (beyond expected time of graduation) [...]. Naturally it requires of them conditions of intelligence and mental vigor; may they not be mindless and only come to the university for the sole objective of getting a title of 'doctor'” (Cova, 2007, p. 381). At Italian universities enrolments entail that students regularly pay their fees but do not necessarily attend courses and earn credits. “It would be peculiar to call this sort of person ‘a student’. As strange as it might sound to a foreign observer, in Italy [...] a person can be enrolled without fulfilling all the duties (or some duties) tied to the status of student” (Trivellato, 2007, p. 233).

Some institutional autonomy was introduced in the HE system with the Bologna Process (1999) but much resistance has been put up by a powerful academic

community that, also for the ever changing political environment which provoked instability, has been able to prevent any substantial change (Luberto, 2007). The aims of the Bologna Process were obvious: provide more autonomy and provide a degree structure more in line with other European countries, including the development of a common credit system and mechanism to assure quality. The expectation held for the Reform was to have a modern HE system able to attract more students, especially from abroad, and more importantly to be able to mitigate the drop rate of university students and prepare them for a globalized labor market.

Thus, the 1999 reform changed the traditional four or five-year one-tier degree into a three-tier degree structure: three-year bachelor (*Laurea Breve*), followed by a two-year graduate degree (*Laurea Magistrale*) and a Doctoral level (*Dottorato*) of three years (Luzzato and Moscati, 2007).

Regardless of these high expectations, a centralized control system persisted. The Ministry of Education maintained its control over the content of the curriculum of study. This prevented any type of differentiation in terms of academic offering within the system, and further ministerial requirements challenged the collaboration between universities and the labor market (Rebora and Turri, 2009).

What is most worrisome about the Italian HE system is the incapability of policy-makers at any level to provide universities with real autonomy and responsibility. Capano identifies one main constraint, which is an ideological one. In fact, “the majority of leading players (the inner-circle of policy-makers) in higher education policy at all levels—government, ministers, trade unions, students associations, rectors and the most distinguished scholars—are still convinced that the traditional values of collegiality and democracy are of vital importance” (2008, p. 502).

Thus, the top down approach imposed by the government – Italy was the first country to implement the Bologna Process – to reform universities (Ministerial decrees 509/1999) challenged the system as it focused more on institutional

reorganization rather than on the quality of programs and services offered (Ballarino and Perotti, 2012).

Although significant innovations were introduced (e.g. a credit system, the three degree cycles, etc.), the necessary management and quality assurance and control systems were lacking. “There is the problem of how evaluation is integrated. All too often, evaluation at both institutional and systemic levels has little effect and functions basically more as a rhetorical device” (Capano and Rebora, 2012, p. 177). The implementation of the Bologna Process therefore did not have any impact on the self-referential culture pervasive in Italian universities, as opposed to the effects it had in other countries that used it as “a political leverage in a national policy change process” (Huisman, 2009, p. 253).

Capano identifies the forces that challenged Italian universities, that is their inward-looking and self-preserving tendency, as the main causes that prevent the system from adjusting itself: “the law provides that the body entrusted with the most important strategic decisions [...] be composed of representatives of the primary target of the decisions themselves” (2008, p. 488).

Traditionally, the management of Italian universities has been substantially shaped by academic decision-makers. In other words, the resistance to change is strengthened by the overlap of roles between academic and administrative personnel. Thus, the lack of clarity as to who holds the responsibility within the decision-making process is what makes the Italian HE system largely inefficient and excessively static, not to say unaccountable.

Thus, the decisions made even after the 1999 Reform were still based on compromises aiming at prolonging the survival and the best interest of key-stakeholders and members of the university community (e.g. internal allocation of research funding, refusal of internal quality review on both research and teaching,

etc.), however ignoring at the same time the responsibility tied to the ensuing consequences of those decisions.

The situation indicates that the universities' adjustment to the Reform was made on the basis of the long-established usual custom of academic interest rather than a genuine effort to innovate the HE system (Luberto, 2007; Luzzato and Moscati, 2007). In the last thirty years, while universities in other parts of the world have restructured by eliminating the model of self-government and strong academic influence, in order to respond to a changing market demand (Jongbloed, 2008; Aghion et al., 2008; Enders et al., 2013) and favor a more business-oriented one, in Italy this shift in the forms of regulation of universities, from government to governance, did not occur. Every attempt to reform was met with a lot of resistance and criticism by Italian academics:

Neoliberal governmental technologies have tended to transform civil society into a domain in which self-entrepreneurship must be practiced. They produce individuals who are selfish but at the same time vulnerable, devoted to efficiency and conformity, exposed to global competitiveness, responsible for the risks that they face, and convinced of the inevitability of globalization. [...] In Europe, the Bologna Process has served to introduce neoliberal principles of market creation, valorization of capital, and the hierarchization of the workforce through mechanisms of mobility, excellence, competition, and the commodification of knowledge. (Commiso, 2012, pp. 4-5)

Although Commiso's opinion has been shared by many in Italy, those opposing the change have failed to provide a viable alternative for the HE system to cope with the new modern challenges. However consequent to the need of finding a solution, Italian governments have rectified the Reform in an attempt to provide more autonomy to universities and it is in this spirit that in December 2010, a new legislation, known as the Gelmini Reform (named after the then Minister of Education who developed it), was approved by the Italian Parliament. The new legislations presented some encouraging changes.

Since its implementation, which started only in late 2011 for the political problems encountered by the government at that time, public funding had to be allocated based on the performance of the university for both research and teaching.



Therefore, public universities would not be able to hire academic staff unless they demonstrated to be financially safe. For those institutions which closed their annual budget in loss, measures would be put in place to prevent any more hiring. The new Reform has contemplated the option for HE institutions to either stay as they are – a public entity which entirely belongs to the state – or become foundations regulated as a private non-for profit organization. This has been meant to redefine the governance model and extend the external representation in the Board which is mainly made of faculty members.

The Reform has nonetheless been heavily criticized by the academic community although for different reasons. Those who were more inclined to open to the need of the market and adjust their academic offering accordingly, such as business and engineering, suffered from a relatively little autonomy granted by the Reform. In fact the state still kept a strong centralized control by defining the content of the academic curriculum and the number of credits to be allocated to each subject. Whereas professors who belong to Humanities saw in the mechanism created to allocate resources – in particular the measurement of the research performance based on the metrics of the citations per faculty – a discrimination in favor of the hard sciences, which are more familiar with this measurement. Thus the Reform has, according to both groups, missed the opportunity to innovate the HE sector (Turri, 2014).

In general, researchers have agreed in recognizing that the invading role of the state has been perpetrated with a central control imposed by the recognition of the legal validity of the degrees, that is “graduates are valued at the same level of knowledge and competence irrespective of the university where they have gained their degrees”(Trivellato, 2007, p. 214). In fact university degrees hold a legal validity – *valore legale* – which means that the government has full control over the content of the curriculum, the credit allocation, the access of academic staff to the career, as well as the faculty ratio. The latter imposes the number of professors required for each curriculum of studies in order to obtain the approval – legal validity – from

the Ministry to deliver an academic program (Rebora and Turri, 2011; Rebora and Turri, 2013; Minelli et al., 2012).

In conclusion, this centralized-based model of control has favored the maintenance of homogeneity (Turri, 2014) since the core content of each degree is preset at central level by the Ministry with the adverse result of evening differences in terms of quality among universities. “One consequence is that meritocracy is not valued very much [...]. The cost charged for tuition and fees has been, and still is, pretty low in state Italian universities; if the legal validity is the same and the cost is lower, why spend more [to enroll at a non-state university]?” (Trivellato, 2007, pp. 213-214).

### **2.3 The nature of the non-state higher education in Italy**

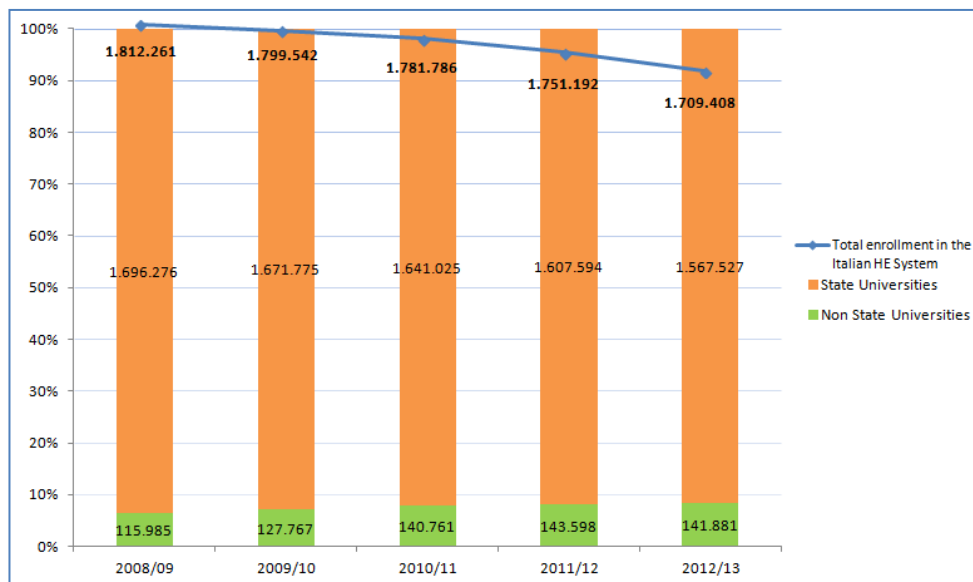
In the Italian HE system, as I described, the control of the state has generated homogeneity especially with regard to the academic offering. However, UCSC is not a state university but rather an institution which, thanks to its specific status – a non-state university – should benefit, one would assume, from more autonomy and independence than public HE institutions. According to a recent study on Italian non-state universities sponsored by the Italian Rectors’ Conference (CRUI, 2014), the institutions that belong to this category were originally created in compliance with the ideals of their respective founders, who believed something was lacking in the public provision for higher education. Their categorization reflects the ideality or the purpose for which they were developed and can be used to classify them in three groups: business, regional or religious.

The first typology is represented by those institutions created by people who wanted to relate higher education to the needs of the labor market. As a consequence their focus is mainly on business, languages and engineering. The second set is represented by small universities that were founded with the aim of offering university programs in rural areas where access to any HE institutions, either public or non-state, was limited. The last group of universities, such as UCSC, includes those whose founders were religious orders or individuals inspired by the

Catholic doctrine. In terms of size, this segment is relatively developed. There are currently 96 HE institutions in Italy, of which 67 are state, whereas 29 are non-state universities. Among the latter, 11 are distance-learning universities (Anvur, 2015). The first non-state university was founded in 1885. Others, but still a relatively small number, have been in place for about a century, and UCSC (1921), together with Università Bocconi (1902), is among them (CRUI, 2014).

Thus, the majority of the non-state universities have flourished only in the last decades thanks to the economic growth of the country and to the increasing demand by the Italian population for access to higher education. Even if 30% of the HE sector is represented by non-state universities the segment can still be defined as marginal since the number of students who benefit from their academic offering is only 8.3% (CRUI, 2014), which is equal to 141,881 of the total number of enrolled students (1,709,408) in Italian universities (Figure 2.1).

**Figure 2.1- Student enrollment in the Italian HE system**



Source: CRUI 2014

Even the nature of the non-state universities in Italy is varied as it includes universities such as UCSC with about 37,000 students (Table 2.2) and almost 1,400 tenured faculty members (Table 2.3) and those who enroll around 100 students per year. With the exception of UCSC, which is a comprehensive university with twelve

schools and four campuses, the other non-state universities are meant to offer a concentrated number of specialized subjects within a limited number of schools.

**Table 2.2 – Student enrollment in Italian non-state universities**

Universities	2008/09	2009/10	2010/11	2011/12	2012/13
Libera Università "Guido Carli" LUISS	6.816	7.050	7.257	7.157	7.738
Libera Università "Maria SS. Assunta" LUMSA	6.911	6.774	6.716	6.354	6.340
Libera Università "Vita Salute S. Raffaele"	1.912	1.959	1.939	1.965	1.986
Libera Università di Bolzano	2.361	2.545	2.661	2.338	2.764
Libera Università di lingue e comunicazione IULM	4.832	4.409	4.346	4.283	4.233
Università degli Studi Internazionali di Roma	1.185	1.246	1.246	1.220	1.207
Università "Campus Bio-Medico"	1.004	1.096	1.342	1.458	1.527
Università "Carlo Cattaneo" LIUC	1.853	1.776	1.785	1.785	1.755
Università "Luigi Bocconi"	12.719	12.758	13.024	13.221	13.228
Università "KORE"	3.871	4.454	5.230	5.523	5.945
Università Cattolica del Sacro Cuore	38.825	39.086	39.045	38.820	37.832
Università degli Studi "Suor Orsola Benincasa"	10.834	10.474	9.981	9.320	8.987
Università della Valle d'Aosta	1.066	1.092	1.141	1.138	1.209
Università Mediterranea "Jean Monnet"	1.044	1.139	1.263	1.243	1.285
Università degli Studi di Scienze Gastronomiche	214	237	236	256	256
Università degli Studi Europea	n.d.	804	n.d.	903	932
Università per Stranieri "Dante Alighieri"	117	119	334	405	681
11 Distance Learning Universities	20.772	29.656	42.258	45.627	43.723

Source: CRUI 2014

**Table 2.3 – Tenured staff at Italian non-state universities**

Universities	2008	2009	2010	2011	2012	2013
Libera Università "Guido Carli" LUISS	86	91	90	95	102	109
Libera Università "Maria SS. Assunta" LUMSA	70	82	85	84	74	68
Libera Università "Vita Salute S. Raffaele"	93	91	93	95	94	107
Libera Università di Bolzano	94	113	133	158	159	170
Libera Università di lingue e comunicazione IULM	91	93	99	98	97	95
Libera Università LUSPIO	35	33	33	30	31	30
Università "Campus Bio-Medico"	84	89	104	105	106	107
Università "Carlo Cattaneo" LIUC	32	42	49	51	50	49
Università "Luigi Bocconi"	287	293	289	292	295	297
Università "KORE"	44	52	94	121	136	138
Università Cattolica del Sacro Cuore	1.469	1.457	1.414	1.427	1.411	1.403
Università degli Studi "Suor Orsola Benincasa"	81	86	85	85	85	86
Università della Valle d'Aosta	56	55	56	56	57	56
Università Mediterranea "Jean Monnet"	35	35	39	41	38	36
Università degli Studi di Scienze Gastronomiche	10	12	12	13	13	15
Università degli Studi Europea	22	29	47	54	55	58
Università per Stranieri "Dante Alighieri"	n.d.	n.d.	7	8	9	9

Source: CRUI 2014

Non-state universities are non-profit organizations recognized by the state and are given the same authority to award degrees that hold the same legal validity than those issued by public universities. Nonetheless, the condition for holding such a power comes with the acceptance of the same requirements imposed by the government to the public institutions. And all the HE reforms, including the latest,

instead of recognizing more freedom to these institutions and guaranteeing a more diversified academic offering shaped on their different identities, have only contributed to even out the differences, and have thus made the non-state universities look more like state ones. “To sum up, education in Italy is first and foremost public (*i.e.*, state) education” (Trivellato, 2007, p. 215). What is lacking in the Italian HE system is a private sector where institutions offer diversity based on a diverse range of ideals and inspirations. In other words, the consequence of the last Reform (2010), in line with all the previous ones, was that the course content and the quality of the faculty is on average the same. The main difference stands only in the quality of the rapport between faculty and students, the social class of the students – richer in the non-state university, and a better educational environment in terms of higher standards of student services.

In developing a curriculum universities must decide first under which broad subject area, among those decided by the Ministry, they want to develop the new academic program (e.g. Economics, Business, etc.); and second, the subjects to be taught selected by those defined by the Ministry of Education. This course selection process aims at providing balance among subjects in order to guarantee that all degree programs offer the same minimum knowledge content and thus allows the Ministry to grant legal validity. Non-state universities, if they are aiming at being officially recognized as a university in the Italian HE system, have to comply with these governmental requirements (Trivellato, 2007).

The threat to their identities, in particular after the 2010 implementation of the HE Reform, was also the main motivation for carrying out the research on non-state universities sponsored by the Italian Rectors’ Conference in 2014. Prof. Puglisi, Rector of a non-state university, described the effects of such a reform and soundly complained about the consequences on non-state universities:

On this topic it is interesting to observe how the progressive deployment of the legislation on the 'autonomy of universities' has a paradoxical dynamic of getting non-state universities closer to the state universities as the former is subject to the same limitations set by the Public Administration while the latter have instead

gained more autonomy. Until the unfortunate attempt of equating all non-state universities with public administrations as recently decided [...]. (CRUI, 2014, p. 8)

As already stated, compliance with state regulations instead of favoring diversity has tended to assimilate non-state institutions to public universities in terms of course content and program offering (CRUI, 2014; Trivellato, 2007). Stefani, one of the contributors to the CRUI research, regretted the fact that although the identity of non-state universities has completely been disavowed in the Reform, their financial independence from the state has not.

Non-state universities are also to be considered subject to public law and it would therefore be improper to define them as 'private', since they are required to follow [...] the public rules regarding the hiring of faculty and regarding the resolution of issues pertaining to administrative procedures. Non-state universities differentiate themselves from the state ones primarily on their evidenced autonomy, that allows them, for example, to take on different forms of governance than those prescribed for state universities, that is on the ways they are to be instituted and on how the financial contributions are managed, which must of course derive primarily from private sources. (CRUI, 2014, p. 113)

The study assumes that the Italian system seems, if compared to other HE systems, to be unequal since compliance with the public requirements suffered by the non-state university has not guaranteed an equal distribution of funding (CRUI, 2014). As a consequence the state with its control has benefitted from the non-state HE sector by making up for a shortage of offering available at state universities. Therefore the state wants what non-state universities can offer without having to pay for it. This has had an impact on the identity of non-state universities as they are not able to serve their mission and then provide that diversity based on their inspiring and driving ideals, but rather they are merely obliged to fulfill the governmental requirements with the risk of steering them away from their distinctive identity.

Regarding faculty hiring practices, even for a sensitive issue such as staff selection, non-state universities can only hire professors previously approved by the state, and as for teaching in public institutions they have been bound to retain the faculty ratio defined for each degree program by the government. Thus, it is reasonable to

assume that in Italy the non-state universities differ from the state institutions only for the nature of their funding sources, which is almost entirely made by tuition fees.

Non-state universities are more concerned with keeping their costs under control. As I previously noted these universities have to comply with state regulations, but at the same time have to be accountable to the market. This double constraint binds them to carefully control the number of tenured staff hired (e.g. in Italy the tenured staff in non-state universities enjoy the same status as those working in state universities) (Trivellato, 2007). In other words, once hired they are treated as civil servants and cannot be fired; and the universities, even the non-state ones, pay them based on the regulation which is in place for the public sector; thus, in order to guarantee more flexibility and at the same time to maintain the staff costs under control they have a higher percentage of non-tenured staff (CRUI, 2014). The higher number of tenured staff in state universities can be detected from the ratio between students and academic staff, which is lower in state universities (1:29.5) than in non-state universities (1: 35) (CRUI, 2014, p. 103).

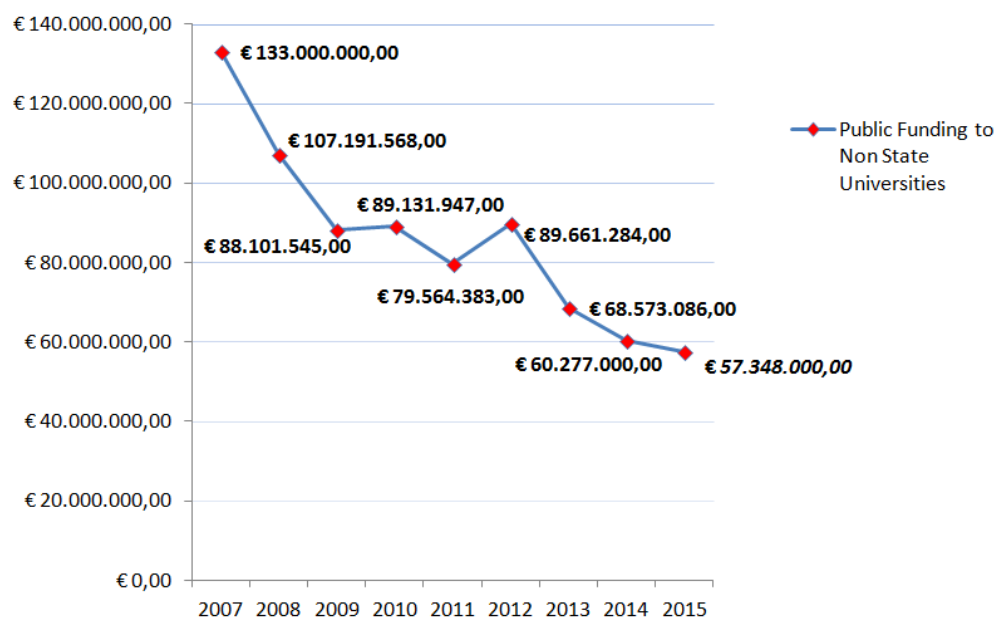
As a result, the main difference does not stand in greater autonomy which contributes to providing a different kind of education, but rather and solely in the funding model the non-state universities have in place. It is this funding model that has been put at risk by the implementation of the latest Reform. In fact,

[t]he resources that the non-state universities invest in degree programs are all directly taken from their budgets: this is the reason why these universities are particularly careful on one hand of the quality of the educational pathways, and on the other of their costs control. It is indeed a curious, not to say ideological, concept of quality guarantee and competition of the educational programming (two terms that are significantly present in public discourse on Education): having to compete abiding by the same rules on one front with those who have to measure up against the free market having only (for the most part) access to one's own funds and that of the students' families, and on the other those who do not participate in the beneficial allocation of the public fund transferred directly from the State to the state universities. (CRUI, 2014, p. 8)

Masetti, another contributor to the CRUI study, shows that the income in non-state universities is made, for the most part, of student fees and research grants: 64%

average of the total budget (CRUI, 2014, p. 109). State funding has covered until 2007 only 4.9% of the total institutional costs (CRUI, 2014) which in that year amounted to € 133 million. Since then funding has been consistently cut every year to amount to 60,3 million in 2014 (over 50% cut in seven years). With projections based on government's estimate the funding is expected to drop even further in the future by another 3 million the following year (Figure 2.4) (CRUI, 2014).

**Figure 2.4 - Public funding allocation to non-state universities**



Source CRUI 2014

Non-state universities enjoy their autonomy for the real estate purchase and its maintenance, and for the forming of their governance with presence of a majority of external members on their boards, which demonstrates the attempt to reconcile their accountability towards their stakeholders, such as the students, their families and their supporting community.

Trivellato used a powerful metaphor to describe the situation of non-state universities, that is the comparison of the Italian HE system to a train and each car representing a university. "It is a coach that travels neither faster nor slower than other coaches (the public ones); it simply collects people that prefer – and can afford – to reserve a place in that coach. Seats may be cleaner, but stops, speed, and the final destination do not change" (2007, p. 250).



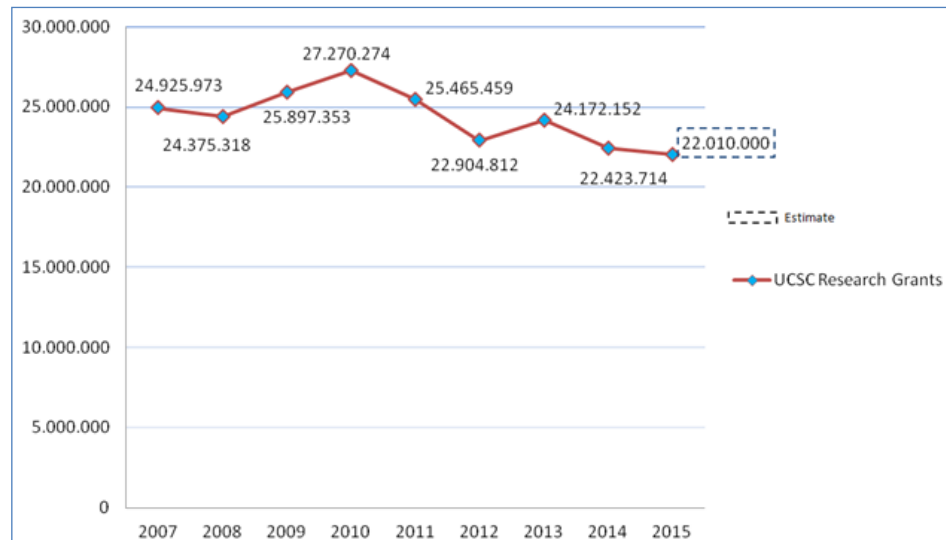
What is underway is a process of assimilation between non-state universities with those that belong to the state. Ideologically this is supported by the fact that education is a domain which exclusively pertains to the state. In such a context, the identity of non-state universities is threatened as the framework adopted by the Italian government neither recognizes diversity nor allows for more competition. Thus non-state universities currently find themselves in a very dangerous position: in order to survive they have to perform while abiding by state regulations, but at the same time, by doing so, they lose that diversity built on their distinctive identity. “In essence, these identity referents effectively specify to whom an organizational actor is similar and in what ways it is different from all others” (Whetten, 2006, p. 221). In this regard, the research on non-state universities (CRUI, 2014) might be misleading. It focuses more on the better quality of the non-state universities’ educational environment and less on the preservation of that identity that has created such an environment. In conclusion, the non-state university might decide whether to claim for more public funding or compete for attracting more students. The former leads to assimilation, whereas the latter to distinction.

The fact that the study (CRUI) came out in 2014 confirms the concern of the non-state university leaders with regard to the effects the implementation of the latest Reform (2010) will bear on their nature. Understandably UCSC has shared the same worries and probably suffered more than others for its size and the complexity of its unique activities.

## **2.4 The retrenchment phase at UCSC**

UCSC has until recently (2010) been in good financial health. Its sustainability has been guaranteed by tuition fees that over the years have gone from 148 million in 2007 to 194 million in 2014 and represents 69% of its income. The research grants have represented another important contribution, which however have decreased from almost 25 million in 2007 to 22 million in 2015 and cover about 10% of its revenue (Figure 2.5).

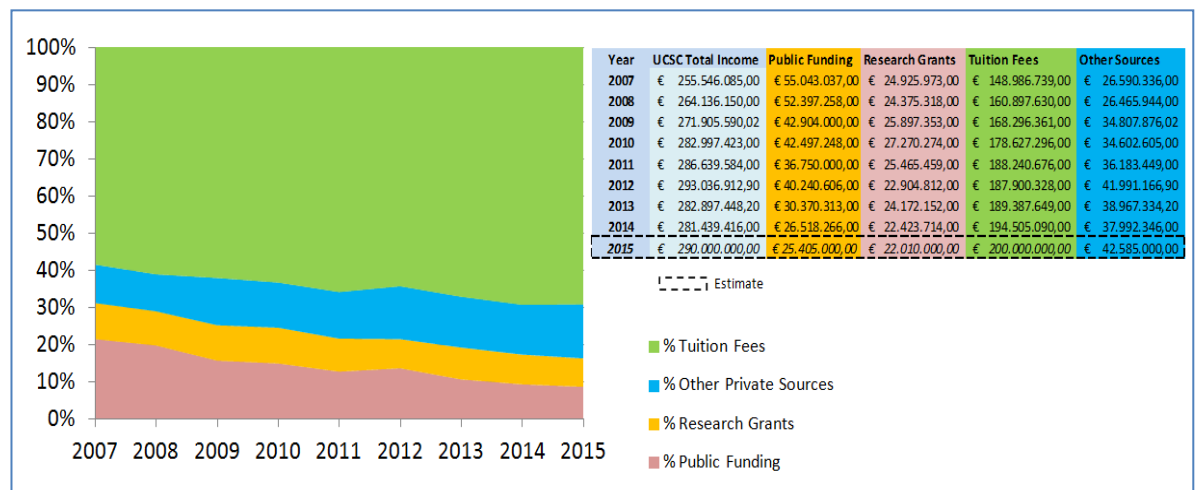
**Figure 2.5 - UCSC research grants**



Source: UCSC Administration Office 2015

The other important source of income over the years has also been the state provision. However, since 2008, when the worldwide economic crisis started, the state has consistently cut this fund especially devoted to non-state universities. In 2007 UCSC benefitted of €55 million which over the years has dropped by more than 50% as the state provision was €25,5 million in 2015 (Figure 2.6).

**Figure 2.6 - UCSC funding source distribution**



Source: UCSC Administration Office 2015

State funding has been used by UCSC to mitigate its tuition rates charged to students. In fact, in a context such as the Italian one, where the average university tuition at a state university is €1,220 per year (Eurydice, 2015) UCSC has decided

not to charge its students with the full yearly enrolment cost, which is about €8,000 (UCSC Administration Office 2015) but to reduce instead the tuition rate per student by using state funding.

Unfortunately the unexpected reduction of the public provision has put UCSC, together with other non-state universities, in a very difficult situation since most were not prepared to find alternate funding sources, nor had they any sort of plan to make up for the ensuing deficit. The University has sought not to burden the students and their families by way of tuition increases and has decided instead to dip into its reserves accumulated over the years, which were meant for future investments (Source: UCSC Administration Office).

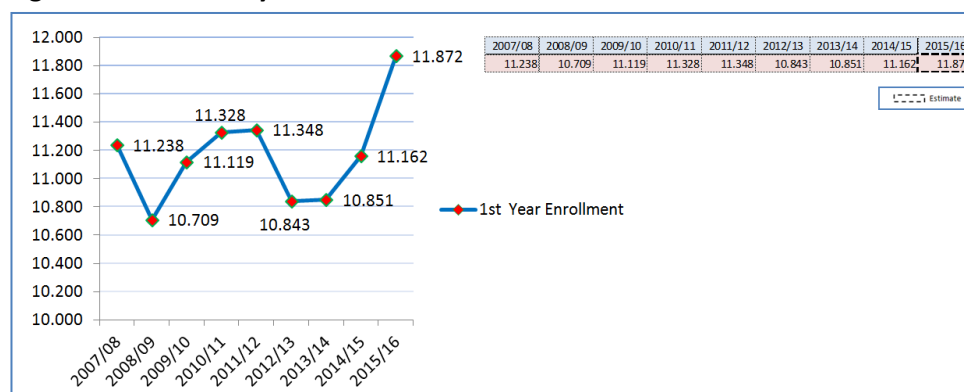
A second negative development, which is connected to funds, involves the University Hospital in Rome. In September 2015 UCSC made a decision to separate the Hospital and create a distinctive legal entity although still controlled through a management board whose majority of members are nominated directly by the University and its Foundation. The Hospital is the largest in central Italy with more than 1,200 beds. Because of the health services it provides to the community an agreement was signed in 2004 which regulated the financial provision recognized to the Hospital/University from the Lazio Region (on behalf of the State). In 2011 the Region, due to a heavy financial deficit, stopped paying the yearly provision of €250 million. Because of this the University has requested to the banks the necessary loans to allow the Hospital to function (e.g. current expenses, salaries, etc.). The debt accumulated by the Region towards the Hospital was in 2013 €754 million.

In 2015, after four years of legal battles, the government and the University finally agreed on a settlement which sanctioned that the State and Region would pay UCSC €430 million (instead of the expected €754 million, thus representing a loss for the University of €324 million) to be paid in installments over a period of 11 years as of 2014. Ensuing this agreement, the banks called for the repaying of the loans issued to UCSC (UCSC Administration Office).

Between 2012 and 2015 the University depleted its reserves – of about €156 million – in order to cover the unforeseen losses.

Finally, the other critical aspect has been represented by student enrolment. In fact after many years of growth the University experienced from 2007 to 2015 an unstable trend which has seen the numbers drop by 4.7 % in 2008/09, back to an increase of 6% in 2010/11, down again by 4.5% in 2012/13, and a stable growth of 10% from 2012 onward (Figure 2.7).

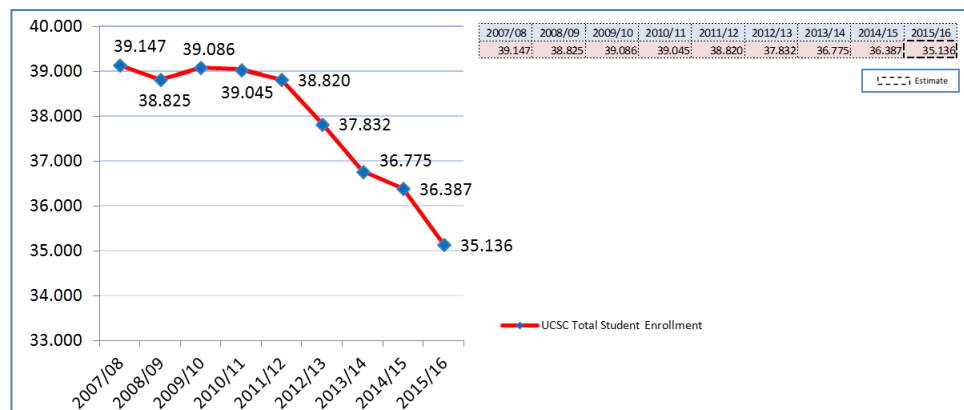
**Figure 2.7 - UCSC 1<sup>st</sup> year student enrollment**



Source: UCSC Statistics Office 2015

Nevertheless what is worrisome is not only the first year commencements but also the retention rate of students. Many students, due to the financial crisis, have not been able to pay the regular tuition. Thus, in general terms and looking at the total number of students enrolled in the University, UCSC has experienced a consistent drop of about 10% in 9 years (from 2007 to 2015) (Figure 2.8).

**Figure 2.8 - UCSC total student enrollment**



Source: UCSC Statistic Office 2015

In December 2013 the University made a decision to develop a plan to strategically address these challenges. A committee was created for this purpose and about 25 University leaders were invited to take part. Originally the plan, which started with the first meeting held in January 7, 2014, was expected to be concluded by the end of September and implemented as of October 2014.

As of March 2016 the plan has not yet been launched. The delay is primarily caused by disagreement among the University leaders regarding both the objectives and the roles of the internal stakeholders set within the plan. It was during the working sessions of the strategic committee that I had the idea to carry out a research about the University. I was first intrigued by the analysis of the current situation reported in the present chapter, which has given further evidence of the crisis at hand within the Institution. It was however not clear whether the current crisis was merely an issue of lack of funds or a much larger systemic problem within the Italian HE sphere of which funding is only one problematic aspect.

I also realized that the managerial approach to the University strategy was mostly borrowed from the private business sector and thus based on a number of assumptions that the specific context offered by UCSC might not have been valid at first. The search for a prompt conclusion of the strategic plan suggested that a top-down approach would have borne the desired results. This made me notice another facet of the internal debate involving UCSC leaders which interestingly referenced the University leadership – or lack thereof. It was during the second strategic committee meeting (March 21, 2014) that the real issue emerged from the discussion, that is the identity of the organization, which became the primary point of contention in all following conversations at the University since then.

Before engaging in the literature review I tried to clarify the foci of my research starting with my observation of the dynamics in the University and define a set of questions with which I would have approached the literature. Those questions would have first led my decision regarding the selection of the readings and second

laid the groundwork upon which my research would be built (Wallace and Wray, 2006).

The next chapter on the literature review has been developed on the basis of the following question: Why has identity become an issue at UCSC? I have therefore reviewed the literature on HE funding, since it was, according to the members of the strategic committee, the primary cause of the University's retrenchment phase. Meanwhile another sub-question led my research, that is whether strategic management requires a conducive context to be developed, and to what account is leadership relevant for carrying out strategic changes within an institution. Finally, in answering the main review question, I approached the literature in the search of an organizational theory based on identity. What follows is an account of the literature that I have considered to be of relevance for the development of my research.

## **Chapter Three – Literature review**

The literature that is relevant to my thesis is broad. When researching higher education institutions' identity, one has to first review literature on organizational theories of higher education institutions to understand how universities are affected by their individual cultures and how they react to the external environment.

Over the last thirty years changes in higher education have significantly affected universities and their identities. "The drivers behind these developments are closely linked to the de-regulation of domestic higher education systems and their increasing internationalization, with universities increasingly seen as competitors in a more market-like higher education sector" (Stensaker, 2015, pp. 104-105). The role of the state and the funding system subsidizing higher education are important factors for this evolution. I will conduct a review of the literature on this topic to understand whether and in what way the external context influences the university's organizational identity.

Finally, with regard to how HE institutions respond to the changing external environment and the role of their organizational identity in dealing with these challenges, I have focused my attention on the literature on strategic management and the role of leadership in managing strategic changes.

### **3.1 Organizational theories in higher education**

The organizational research specifically focused on academic institutions is extensive. Most of the theories have been borrowed from organizational studies, mainly in the areas of management and sociology, applied to the business sector. Sporn states that "in order to explain university organizations, business analogies are not easily applicable" (1999, p. 36). Sporn (1999) also recognizes that the distinctive features of academic institutions are so different from other organizations that it is difficult to apply traditional management theories. As a

consequence and in acknowledgment of the unique feature of academia, research dedicated to the higher education sector has flourished. Kuh, referring to universities, states that “organizational theory is a window through which to view the behavior of individuals and groups [...] in the context of a complex organization interacting with a being shaped by external exigencies and special interest group” (2003, p. 270). Kuh recognizes the complexity of a higher education institution as an organization that interacts with, and thus is influenced by, internal and external factors (2003).

### *3.1.1 Open systems theory*

Among the most common theories to help understand universities is the concept developed by Bertalanffy, a biologist in the mid-70s, of “open and closed systems”, which was applied to investigate higher education institutions (Seidl, 2005; Sporn, 1999). It views organizations, including universities, as open systems, which, like organisms, are exposed to the environment they interact with (Morgan, 1986). This is how Kuh describes it: “[i]nstead of being orderly, the post conventional organization encourages sharing information simultaneously in various directions and interactions within, across, beyond organizational boundaries to respond to developing circumstances” (2003, p. 276).

Identifying the university as an open system has given a large contribution to the field, as it includes other dimensions of academic institutions, such as the social, structural and organizational ones. Thus, it comprises different components that individually or collectively make efforts synergistically (Baird, 1988; Kuh, 2003; Manning et al., 2006; Schein, 2004; Masiki, 2011). The strength of this theory stands on the recognition of the institution as a complex system. Its limitation relies on the shortage of attention given to the nature of the membership that constitutes an organization and the interrelations between its members. It however fails to look at the evolution of the institution and its dynamics. To address this issue there is the theory of the “loosely coupled systems”.



### *3.1.2 Theory of the loosely coupled systems*

Loosely coupled systems, as defined by Weick, take into account indicators that demonstrate how different elements coexist and remain autonomous contemporaneously (1976). It is beneficial to understand the fragmented way universities function and also to reveal the importance of subcultures within the university environment (Bergquist and Pawlak, 2008; Locke and Guglielmino, 2006; Epitropaki et al., 2013; Lewandowsky et al., 2013). The limitation of this framework, however, is the emphasis given to the structural nature of an organization (Weick, 1976) and the lack of attention given to the cohesive elements that hold a university together.

In the conducted research, this approach is more conducive to emphasizing aspects such as the environment and culture as an attempt to expose what the institution's essence is based on and how its members perceive it. The theory explains practices as developed in connection with the context, particularly with the needs and experiences of its main stakeholders (Manning et al., 2006; Pascarella and Terenzini, 2005; Perozzi et al., 2010).

### *3.1.3 Studies on campus environment*

At least three main factors have brought the campus environment under the spotlight of scholarly research: the enhancement of the quality of the students' experience, the understanding of how the university environment impacts that experience, and finally the recognition of the students' experience as a means to support decision-makers in better shaping the environment (Baird, 1998). This construct starts by recognizing the students' perceptions as a singular way to understand and analyze the dynamics of a university, although it is imperative to look more attentively at how a campus develops as a whole, and what other factors shape the environment (1998).

#### *3.1.4 Organizational adaptation theory*

A different meaning of the term “environment” is used in the organizational adaptation theory. As Cameron defines it, “organizational adaptation refers to modifications and alterations in the organization or its components in order to adjust to changes in the external environment. Its purpose is to restore equilibrium to an unbalanced condition” (1984, p. 123). Scholars who apply this theory are more interested in finding out how universities respond to external driven changes (Sporn, 1999). It does so without addressing how a university, and its community, sees itself in the process of responding to the new external environmental pressure.

#### *3.1.5 Organizational culture*

The way an academic community perceives itself shapes its culture. Research on culture mainly focuses on signs (e.g. aspects such as symbols), through which an institutional culture emerges as ‘existing’; it is transformed into norms and differs from others for its uniqueness (e.g. norms and assumptions shared only by an organization) (Detert et al., 2000; Bergquist and Pawlak, 2008; Locke and Guglielmenino, 2006; Manning, 2011). According to Schein (2004), assumptions become paradigmatic behaviors that are “taken for granted” and emerge in the daily community life as “dos” and “don’ts” recognized by the whole community (or “group”).

These assumptions, even if grounded and tacit, create a strong belief in the organization and emerge in its members as shared behaviors. This is where culture overlaps with identity although it is important to keep the two distinct (Schein, 2004). Culture is a “symbolic field constituted by interpretation processes providing a context for meaning and sense-making both about the organization and the reality it occupies”, whereas “an organization’s identity is the aspect of culturally embedded sense-making that is self-focused” (Fiol et al., 1998, p. 56). Albert sustains this distinction as “the relationship between identity and culture is clear: a particular culture (or image or reputation) may, or may not, be a part of the answer

to the identity question: ‘Who am I?’, ‘What kind of firm is this?’” (1998, p. 3). Hatch and Schultz might further clarify by stating that the two – culture and identity – “are distinguishable by culture being relatively more easily placed in the conceptual domains of the contextual, tacit, and emergent than identity which, when compared with culture, appears to be more textual, explicit, and instrumental” (2004, p. 997). Both culture and identity will play an important role in the analysis of the case-study. The “tacit” acceptance of “assumptions” as defined by Schein (2004) will surely be significant in understanding the University’s culture, and in exposing their contribution in shaping the institutional identity. This research aims at discovering how identity is relevant to the University’s different components – faculty, administrative staff, and stakeholders – especially when external pressures demand for the making of strategic decisions.

The main elements identified in the literature referenced above, namely the impacts of the environment on the university (open systems theory), the importance of cultures and subcultures and the influence of both internal and external stakeholders (loosely coupled system), the student experience (campus environment), change processes driven by the external environment (organizational adaptation theory), and the identification of signs and norms that frame the concept of “institutional” or “organizational” culture, are all integrated in the Organization Identity Theory, which I will proceed to review in detail below.

### **3.2 Organizational Identity Theory**

Identity, as defined by the literature, becomes a reference for the organization, that is its members and stakeholders, as the most “central enduring and distinctive” (CED) aspect of itself (Whetten, 2006). Providing clarity on the identity of one’s organization would help the institution to act, grow, develop and cope with crisis. This process of clarification would include a clear understanding of a “claimed central character and distinctiveness” and “temporal continuity” (Albert and Whetten, 1985), as well as evidence that these understandings are shared by the organization’s members. This theory took shape as a response to the two above

mentioned researchers' desire to explain what they "perceived to be irrational responses to a seemingly insignificant budget cut" (Whetten, 2006, p. 229) at their university.

The central character is defined by a set of features that are seen as the core, or "the essence", of the organization (Albert and Whetten, 1985). These words are used to formulate an answer to one's identity question ("Who are we?"), which needs to be recognized not only by internal members but also by external stakeholders. The identity is then reflected in every aspect of the institution, such as its policy, operational function and values that are seen as vital to the institution (Clark, 1970), without which it would be seen as "acting out of character" (Whetten, 2006).

Albert and Whetten's assumption is that organizations make choices based on the following: they debate over alternatives using a model of rationality with which questions of information, probability, and expected utility dominate the discussion. When these considerations are not sufficient to solve the problems, they are replaced by questions of goals and values. When this process leads to a dead-end, questions of identity are raised. "We crafted a theoretical lens that afforded us a better understanding of the incongruous response to stimuli behavior on campus" (Whetten, 1998, p. viii). Identity seems to become an issue of interest when the institution is challenged by external changes (Elsbach and Kramer, 2004; Gioia and Thomas, 1996; Ravis and Schultz, 2006; Seidl, 2005; Clark et al., 2010). The organization is threatened when the external pressure forces its members to focus on trends and develop responses that steer the institution away from its own identity (Albert and Whetten, 1985; Barney et al., 1998; Whetten, 2006; Vikas et al., 2013).

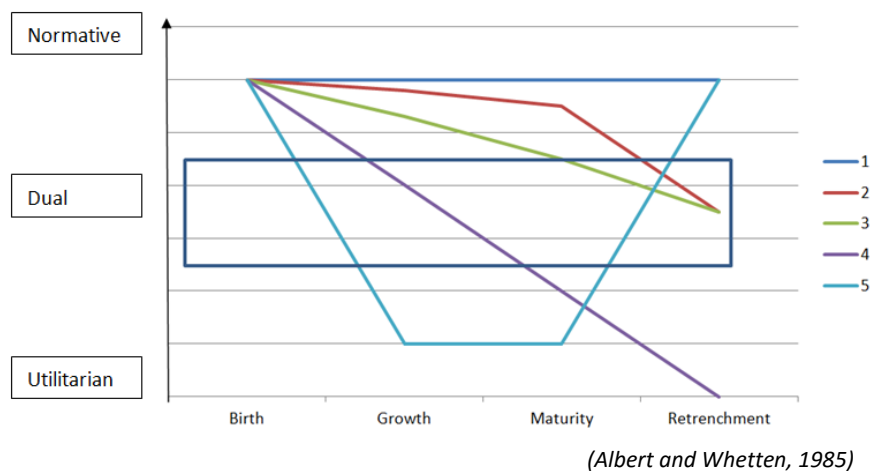
Other researchers engaged in a scientific conversation on Organizational Identity Theory, and although it originated in a higher education context they mostly used

and applied it towards research on the business sector and non-for-profit organizations (Stiles, 2010).

Identity depends on the context in which one defines and distinguishes oneself from others. There might be a private identity which tends to be expressed more critically internally, and a public one meant to present the organization to outsiders and stakeholders, which is more positive. Organizations are usually and normally defined as having one single identity: normative or utilitarian (Etzioni, 1975). However, it is more correct to assume that organizations have more than one identity and that time plays an important role in defining and eventually changing it.

Questions regarding the organization's identity are likely to increase during life cycle events (e.g. the formation of the organization, extremely rapid growth, a change in the collective status, retrenchment) (Albert and Whetten, 1985, p. 274). It is during the occurrence of these events that the organization might move from a normative to a utilitarian identity and eventually end up becoming a dual identity organization, as shown in the diagram (Figure 3.1).

**Figure 3.1 - Five hypothetical paths of identity change during the organizational life cycle**



Following the theory of organizational identity, I adopted the approach of the Extended Metaphor Analysis (EMA) as a method to define and characterize an organization under one term or the other (Albert and Whetten, 1985, p. 281). The characterization of normative and utilitarian organizations, as it had been

developed by Parson (1960), Etzioni (1975), and Cummings (1981), is a construct that leads to inquire how a given organization can be like a 'church' (normative) or a business (utilitarian). A utilitarian organization is defined as one that is oriented towards economic production and governed by values of economic rationality and maximization of profit (e.g. a business firm) (Parson 1960). The financial return is a condition of continuing operation and central symbol of success. Remuneration is the major means of control over members (Etzioni, 1975). A normative organization is instead defined by the maintenance of its patterns (Parson, 1960), such as those with an educational and cultural mission. Normative organizations are managed by ideology with which participants are committed to the institution more as followers than members (Stiles, 2010).

The construct (Figure 3.1) might be used to look at the university as a whole. But it can also be an inside view of a variety of different organizational events, such as the teaching, the research, and the services components of an institution (Whetten, 2006).

Once organizational identity was conceptualized by Albert and Whetten (1985) it became a relevant object of study in HE (Maassen, 1996; Valimaa, 1998; Weerts et al., 2014; Stensaker, 2015) and was utilized to understand the challenges faced by universities in a process of change. In this regard, a number of studies were conducted, focusing specifically on universities (Weerts et al., 2014; McDonald, 2013). Organizational identity can be seen in two different ways, either as an attribute that a given institution possesses, therefore more closely related to the history and culture of the organization, or as a resource that, depending on the changes occurring outside the organization, can be shaped accordingly.

Based on how organizational identity is defined, Glynn (2008) identifies two different approaches to organizational identity: the first, called essentialist, looks more into the character of the organization and sees the identity as a development influenced by its legacy (e.g. history, culture, saga, etc.); the other, the strategic,

refers to identity as being independent from culture and history, closely connected to the conditions set by the external environment and utilized as a management tool. “In the strategic approach, identity is seen as partly decoupled from culture, and so as something which can be manipulated through the use of language, symbols and myths to fit key strategic objectives” (Stensaker, 2015, p. 2). For this reason organizational identity has gained importance in research and become a key issue to understand strategic change (He and Brown, 2013; Ravasi and Phillips, 2011). These two approaches may also help interpret the tension occurring at UCSC among its senior administrators. The strategic approach is focused on change, whereas the essentialist on continuity. “This divide is particularly problematic for attempting to explain the dynamics of change processes in higher education where change and continuity seem to be heavily interwoven, as in the growing emphasis on seeing universities and colleges as organizational actors, accompanied by increasing accountability claims” (Stensaker, 2015, p. 2).

The changing context of HE, characterized by a less controlling role of states in favor of more deregulated – quasi-market driven – national higher systems, espoused with the pressure of globalization and the diminishing of public funding, seems to have led universities to embrace a more managerial model. Such a transformation comes with tension, which develops through discussion among administrators about the nature of the university, its values, and norms (Watson, 2009; Locke et al., 2011; Weert et al., 2014).

Research on organizational identity contributes to explain the impact of the external factors on HE institutions and, at the same time, sheds light on the dynamics occurring within universities, which traditionally perceive themselves as ‘normative’ institutions reluctant to embrace managerial practices that are of a ‘utilitarian’ nature (Huisman, 2009). Organizational theories have been applied to the study of HE institutional behavior in an attempt to understand the essence of universities. There is a need to make sense of HE institutions and the way they engage with the environment (He and Brown, 2013), since the university, defined as

a 'loosely coupled system' (Weick, 1976) due to the constant interaction between internal – culture and identity (Schein, 2004; Detert et al., 2000; Bergquist and Pawlak, 2008) – and external factors – economic and market pressure, have shown to have a fragmented operational function (Epitropaky et al., 2013).

A growing set of new expectations, generated by the transformation materializing in the economic, scientific and social context, have drawn greater attention to knowledge and research as instrumental factors for economic growth. In fact, "colleges and universities were no longer conceived just as purposive, rational, or collegial organizations relatively free of external influence or conflict" (Weerts et al., 2014, p. 242). Thus the range of expectations from the HE system has forced universities to provide new services in a more dynamic and entrepreneurial way (Clark, 1998; Jones et al., 2005; Ehlers and Schneckenberg, 2010). Universities however have not adapted their internal organization accordingly, as Bender notices,

within academe, moreover, there is a pervasive sense of unease [...]. There is a certain paradox in the success of academe. Its recognized achievements (disciplinary excellence in the context of dramatic expansion) have not strengthened academic culture as a whole. It has even produced conflicts about its mission, particularly its civic role, and there has been a weakening of the informal contract between the university and society (1997, p. 19).

Thus, this new relationship between society and HE is based on diverging expectations. On the one hand, universities continue to be highly institutionalized and resistant to change; on the other, society makes an increasing demand for innovation and provision of more diverse services (e.g. HE mass system, etc.). "Hence, handling potentially conflicting internal and external expectations and interests, can be said to pose a significant challenge for modern universities" (Stensaker, 2015, p. 106). This type of conflict and the university's initial response to it are what led the two scholars, Albert and Whetten (1985), to develop the theory on Organizational Identity.

Parallel to Albert and Whetten's theory (1985), as previously reviewed, "open system theories became increasingly popular in the organizational theory literature,



emphasizing the interdependence of the organization and its environment” (Weerts et al., 2014, p. 242). Universities as organizations became the object of studies with a precise focus on the external environment and particularly its effect on them (Keller, 1983). To overcome the effects of the environment on HE institutions leaders and administrators needed to become more strategic in managing institutions and were urged to “develop a skill set in planning and strategic decision-making” (Weerts et al., 2014, p. 243).

In the case-study examined by Albert and Whetten (1985), questions regarding identity, such as ‘who are we?’ and ‘what kind of organization is this?’, were triggered by a budget cut perceived as a threat to the tradition and history of that university. Such an event (retrenchment) initiated the change process which evolved based on an essentialist approach to identity (Watson, 2009; He and Brown, 2013; Stensaker, 2015). This viewpoint identifies special events, such as disruption, as significant life-changing factors for the institution. The strategic approach to identity thrived in the context of organizational adaptation theory, which is befitting when internal organizational adjustments are made due to alterations in the external context (Cameron, 1984). Change within a university is thus expected to take place through design, planning, and strategic management (Greenwood, 2011).

From this perspective, factors such as an increase in competition and in accountability pressure, trigger a proactive approach to mutations in the context in which the university is located. Thus the difference between the two approaches, essentialist and strategic, stands in the role the environment plays and in the degree of pro-activity the university applies in responding to challenges. The strategic approach, which perceives identity as a resource, believes that it is possible to manipulate identity to align the mission of an institution with the strategy chosen to address contextual pressures. In this case, identity is used by the organization as a social construct to help staff make sense of the changing situation.

It is clear that if the two views of identity, essentialist and strategic, cohabit in a given institution, disagreement will likely emerge regarding the best process to adopt to address the challenges. "It has been well documented how these developments have caused considerable tensions inside the university (Watson, 2009; Locke et al., 2011) and it can consequently be argued that disputes about the internal 'control' over the university identity could be considered as another set of significant challenges in modern universities" (Stensaker, 2015, p. 107).

Researchers (Gioia et al., 2000) have argued that institutions may use organizational identity in different ways to make strategic decisions depending on the conception they have of that identity. It can be seen as a means for the institution to make sense of internal and external changes (Albert and Whetten, 1985). Thus a new situation, such as a financial crisis, is assessed by the internal constituents of an institution by way of the institutional identity lens formed by its historical legacy, values and norms (Weick, 1995). This interpretative view, as in the case-study researched by Albert and Whetten (1985), may then dictate the process by which the institution would plan to overcome a certain situation. Thus, organizational identity becomes a coding system, or a filter, to interpret a new external challenge (Labianca et al., 2001).

The essentialist approach to organizational identity has sustained some criticism on the basis that it takes little account of the external environment in defining strategic processes. The alternative uses of organizational identity allow for the institution to shape identity depending on the influence of external factors (Mills et al., 2005).

[T]he notion of 'what is central' in an organization (Albert and Whetten, 1985) was increasingly viewed as malleable, normative and influenced by external forces, primarily related to market influences. Specifically, many of these works challenge the notion that organizational identity can be viewed as a single unifying notion but instead might consist of multiple identities that are reshaped and negotiated. (Weerts et al., 2014, p. 255)

In this regard, organizational identity can be tailored for instance to the image the external stakeholders have of an institution. As a consequence, the strategy adopted calls for a continuous adjustment of the organizational identity based on

the outsiders' view of the institution (Thompson, 1979). Studies on externally driven organizational identity have tried to understand how universities fashion images by way of market research (Hartley and Morpew, 2008; Delucchi, 1997; McDonough, 1994). In particular, institutions engaging aggressively in the market have a tendency of emphasizing their distinctiveness in relation to other competitors in the attempt to attract more students and reinforce their reputation (Breneman, 2002). It is worth noticing that this application of organizational identity in universities was forced by the decline in public funding, which I will address further, and by the contextual importance of student recruitment activities to generate an alternative source of revenue. Reputation and prestige became very important and were achieved by securing a distinctive identity among competing institutions. The advent of rankings definitely consolidated this trend (Couturier, 2006).

University leaders face a new challenge having to knit together the historical identity, originated from inside the institution, with the one generated by the market (Lyall and Sell, 2005). Universities start to demonstrate a more entrepreneurial behavior (Slaughter and Leslie, 1999), and adopt strategic management practices to leverage their identity under the influence of external forces related to the market.

The literature detected a clear shift from a normative to a more utilitarian organizational identity in HE institutions (Covaleski and Dirsmith, 1988; Haveamann, 1993; Huisman, 1997) and a flourishing criticism on the corporatization of the academia (Slaughter and Leslie, 1999). Those researches report that "the academy has shifted from serving broader public needs to focus on profit acquisition, leveraged through the diverse products of the academy" (Weerts, 2014, p. 254).

The literature shows that, depending on its conception of organizational identity, an organization can put in place different processes to respond to the changes it experiences. The divergent views, essentialist versus strategic, might, as in the case of the study (Albert and Whetten, 1985) that identified the concept of

organizational identity, generate conflict and tension among University leaders. The literature on Organizational Identity Theory offers a theoretical framework to analyze and understand how universities can go through environmental shifts and changes starting with the awareness of 'who they are'. It can also provide a meaningful lens to understand the context and the issues that have challenged UCSC's identity.

### **3.3 Funding higher education in a competitive environment**

Higher Education is going through a radical transformation, connected to changes in its funding.

There has been a movement away from a system that was at one time nearly universal [...] of almost total central or regional public funding, to a situation where a growing proportion of finance has to be sought from non-direct public sources including fees, research grants, local development monies, alumni, industry and social enterprise, contract research and philanthropy [...]. While government remains a key player in most countries, it has moved its disbursement stance into a more directive mode. Thus the uncertainty resulting from having to seek a greater proportion of funding from other sources is matched by pressure to move away from the simpler, more certain, 'autonomous' environment (guaranteed by the public purse) within which to pursue individualistic research and teaching. (Gibb et al., 2013, p. 12)

Public funding, which used to subsidize the majority of the university's financial needs – in the OECD area the GDP still covers about 75% of public allocation toward the tertiary education sector (OECD, 2014, p. 225) – has undergone a drastic reduction due to the financial disruption that affected most industrialized economies since 2008.

The investments in HE vary significantly across countries. As for the case of Italy, between 2008 and 2011, the country has cut public expenditures on educational institutions and dropped the percentage allocated to higher education by more than 5% (OECD, 2014).

It is widely acknowledged that universities need to find alternative revenue sources to support the current capacity and development (Jongbloed, 2008). However, the ideological view is that the main responsibility for the funding of higher education should remain to the state, which has made it difficult for universities, especially in Europe, to access other sources (Levy, 2011; Westerheijden et al., 2005) of revenue (e.g. increasing tuition fees or developing research that is more tailored to industrial needs). “For example, tuition increases may find justification on efficiency and equity ground yet many European parliaments are still reluctant to increase, let alone introduce, student fees” (Jongbloed, 2008, p. 4). Nevertheless, the lack of resources coupled with the pressure of a competitive environment – globalization and privatization – forces universities to develop a more adaptive and entrepreneurial type of behavior (Shattock, 2003; Marshall, 2010; Shields, 2010).

The literature on the funding of higher education reveals that public financing and institutional strategic decisions are closely tied to one another. In fact, the state’s control of the public funding is more than just a matter of allocating resources to HE institutions but is a means to steer them and influence their choices. (Enders et al. 2013). Thus, public funds are tied to regulations that instruct the tertiary sector on how to deliver (rules) as well as what to produce (e.g. through quality assurance mechanism), such as the type of educational programs to activate or the specific kind of research to conduct (Joebloed et al., 2010). This mechanism, especially where it is heavily applied such as in the case of Italy (Luberto, 2007), might put at stake any attempt universities might make to instill greater educational diversity and operative autonomy through strategic management and organizational change (Neave, 1988). Consequently, universities might be forced to see themselves as more accountable toward the state since they are bound to it in a legal and administrative manner for meeting state imposed requirements, thus running the risk of not complying with the exigencies set by external stakeholders and by the competitive environment (Woolf, 2003; Luzzato and Moscati, 2007). In such a context the development of an institutional strategy is more driven by compliance, and with reason, than by competition (Meyer and Rowan, 1977).

It is worth mentioning that researchers observe that a completely deregulated HE market would not be an option as it would put universities in the position of being at the mercy of market fluctuations, and would not allow them to supply educational services (Jongbloed, 2008). Thus, a desirable solution would be to place the state in a supervising position (Van Vaught, 1989; Jongbloed, 2008), which favors individual choices – by university managers, students and other stakeholders – through a balance between competition and regulation. “Models of state supervision, instead of state control, of output control, instead of process control, of ‘market-like’ competition combined with attempts to strengthen the actorhood of universities as organizations have become prevalent” (Enders et al., 2013, p. 8). Autonomy creates the conditions for each actor (e.g. suppliers, that is universities; and customers, that is students) that would encourage HE institutions to engage strategically in the environment as their choices would greatly influence their standing against their competitors.

[An] autonomous university may generate resources through fund-raising or through measures to increase efficiency and will have the freedom to orient their strategy according to the available funds, for example focusing on specific research themes or shifting the balance between education and research. (Jongbloed, 2008, p. 7)

Universities in some European countries, such as in the UK, have benefited from such a supervising policy framework since the late 80s (Eckel et al., 1998; Balogun and Hope Hailey, 1999). Such institutions that had once heavily relied on public funding have become accountable not only towards the state, which holds a supervising and regulating function, but most importantly towards external stakeholders for the proper allocation of these funds based on performance and competition.

This shift from process control to product control as a way of ‘steering’ higher education more closely towards ‘national priorities’ is one of the most important developments in the fields of higher education policy since the drive towards mass higher education. First, because it represents a shift in focus from the overriding concern with ‘input’ aspects of the relationship between higher education, society and economy – those principally related to questions of provisions and access, social equality and equity, issues which tended to be predominant during the phase when the institution of higher education evolved from its élite to subsequent mass

status. Secondly, because, by concentrating on product – on the appropriateness of the ‘output’ in the light of requirements of the national economy – and thus upon the quality of ‘output’, it redefines the purpose of higher education not in relation to individual demand, but in keeping with perceived needs of the ‘market’. Thirdly, it provides a powerful instrument by which public policy may ‘regulate’ individual institutional response. (Neave, 1988, p. 10)

An example of this is the advent of the New Public Management, a managerial approach that sustains the principle of public services being conducted as a private business (de Boer et al., 2006). This means, when applied to HE institutions, that in order to provide the necessary financial provision to support their development, universities need to generate income by adopting entrepreneurial practices borrowed from the business sector (Sporn, 1999). This leads institutions to act more strategically: “[d]eveloping institution-wide policies, always problematic because of higher education institutions’ fragmented character, strategic planning, an ‘identity-building’ are now regarded as survival strategies” (Jongbloed, 2008, p. 8).

Additionally, it is arguable to admit that in HE systems with an invasive presence of the state with its control model that has prevented competition to develop, strategic management practices have not yet geared up and become a common attitude in universities. Thus, “competition is more determining and more dominant in those systems where neo-liberal assumptions are established as day-to-day practices” (Marginson, 2004, p. 178). This leads to the conclusion that the conditions for shaping HE systems have to be set by each government, that is its politics (Sporn, 1999). In other words, the framework in place might lead to either greater competition or compliance to a set of regulations and norms, which might push the university to determine its own agenda shaped on the state’s requirements, this, in turn, is to be a strategic and innovative response to the competitive market (Shattock, 2003; Enders et al., 2013).

The type of HE financing system is dependent on the governmental ideological view that is prevalent in each nation: it determines how funds are made available and the purpose for which universities can claim funding from the state (Jongbloed,

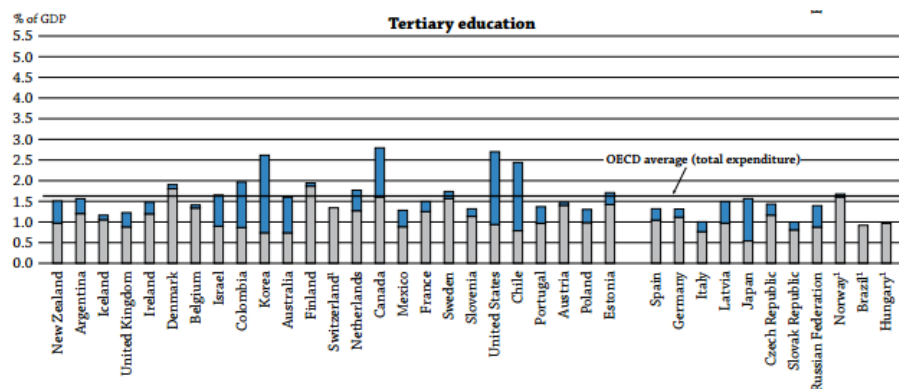
2010; Capano and Piattoni, 2011). The differences found in HE systems are in fact influenced by the ideology of policy makers built on such elements as the history and economic progress of their nation, the organization of the society where they have lived, and their own education (Ferlie et al., 2008).

Public resources, however, are made available to HE to contribute to the economic growth of a nation no matter the ideological vision that informs governmental policies since highly educated people, together with high performance in academic research, should support the cultural, social, technological and economic development of society.

Therefore decisions regarding the size of the higher education sector – open or a numerous-clausus system – and its primary purpose – based on manpower planning or simply on student demand – have determined the amount of public resources invested in universities and its distribution mechanism (Marginson, 2004).

The following graph (Figure 3.2) compares the GDP percentage devoted to higher education in OECD countries and shows the discrepancy that exists between countries. “Expenditure on tertiary education amounts to at least 1.5% of GDP in more than half of all countries, and exceeds 2.4% in Canada, Chile, Korea and the United States. Four countries devote 1% or less of GDP to tertiary education, namely Brazil, Hungary, Italy and the Slovak Republic” (OECD, 2014, p. 225).

**Figure 3.2 - Expenditure on HE institutions as a percentage of GDP (2011) from public and private sources**



Source: OECD 2014, 224



What is relevant to this case-study is to observe whether the public funding is retrenching, and determine under what conditions universities can put strategies in place to compensate the lack of resources provided by governments by raising the contribution of funds from the private sector. Finally, for the scope of the research, a particular focus will be given to the specific geographical context in which UCSC operates, that is Italy.

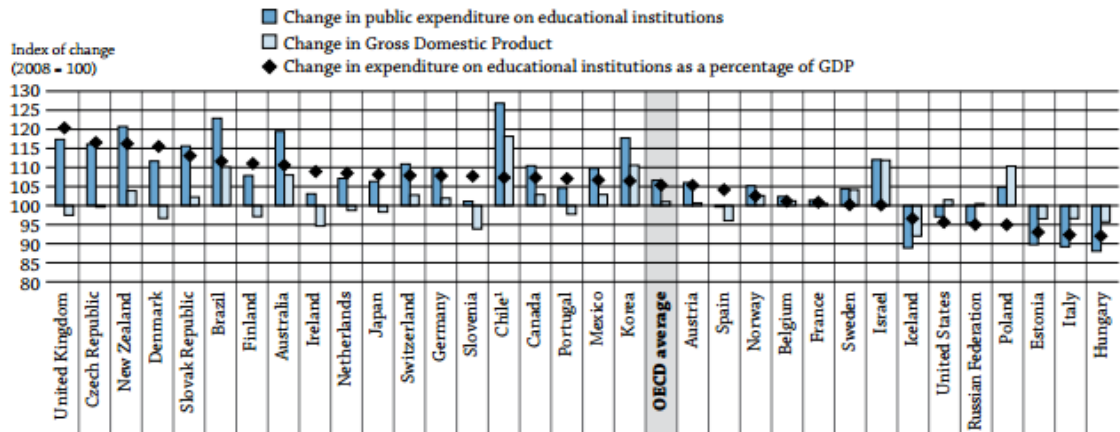
### *3.3.1 Stagnancy of public expenditure for higher education*

The economic downturn that began in 2008 has had major unfavorable effects on the different sectors of the global economy. With data collected by the OECD (2014) between 2008 and 2011, the impact of the crisis on the resources allocated to educational institutions cannot be fully evaluated (Figure 3.3), but the impact of the first three years of the crisis can already be examined. During this period (2008 to 2011), the GDP dropped in more than one-third of the countries scrutinized – 15 out of 36 – and by 5% or more in four countries (Figure 3.5): Greece, Iceland, Ireland and Slovenia (OECD, 2014).

In the thirty-six (36) countries, during the same period, against any assumptions and expectations, only six countries reduced public expenditure on educational institutions (Figure 3.4): Estonia (by 10%), Hungary (by 12%), Iceland (by 11%), Italy (by 11%), the Russian Federation (by 5%) and the United States (by 3%). In these countries, this translated into a cut of expenditure on educational institutions as a percentage of GDP (Figure 3.3).

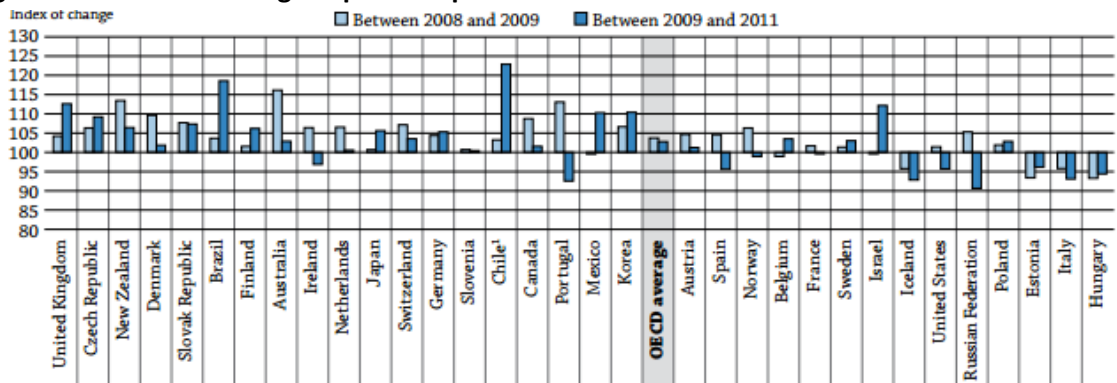
In the other countries, expenditure for higher education covered by state budget increased, although in some of them the GDP decreased. Consequently, on average, the portion of GDP given to education in the OECD area kept rising between 2008 and 2011. (Figure 3.3).

**Figure 3.3 - Impact of the economic crisis on public expenditure on education**



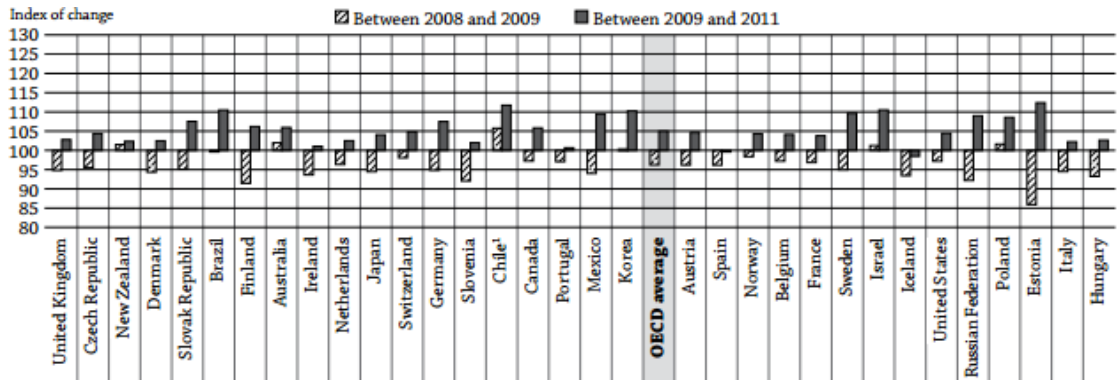
Index of change between 2008 and 2011 in expenditure on educational institutions as a percentage of GDP, for all levels of education (2008 = 100, 2011 constant prices). Source: OECD 2014

**Figure 3.4 - Index of change in public expenditure on educational institutions**



Source: OECD 2014

**Figure 3.5 - Index of change in Gross Domestic Product (GDP)**



Source: OECD 2014

While the GDP decreased in most countries between 2008 and 2011, public expenditure showed an increase on educational institutions in most countries, with

an average of 4% across the OECD area (Figure 3.4). Nevertheless public expenditure decreased by 4% or more in those countries where the crisis was much stronger, such as in Estonia, Hungary, Iceland and Italy (Figure 3.4).

Between 2008 and 2011 (Figure 3.4) public expenditure decreased in ten (10) countries (in Italy by more than 5%) while the GDP increased in most countries except in Italy (Figure 3.3). Combining the decrease in public expenditure with the increase in GDP experienced averagely across the OECD area, it is worth noticing that the decrease of public expenditure on education (as a percentage of the GDP in all these countries) has been significant: Estonia (by 14%); the Russian Federation (by 17%); and Italy more than 10% (Figure 3.5).

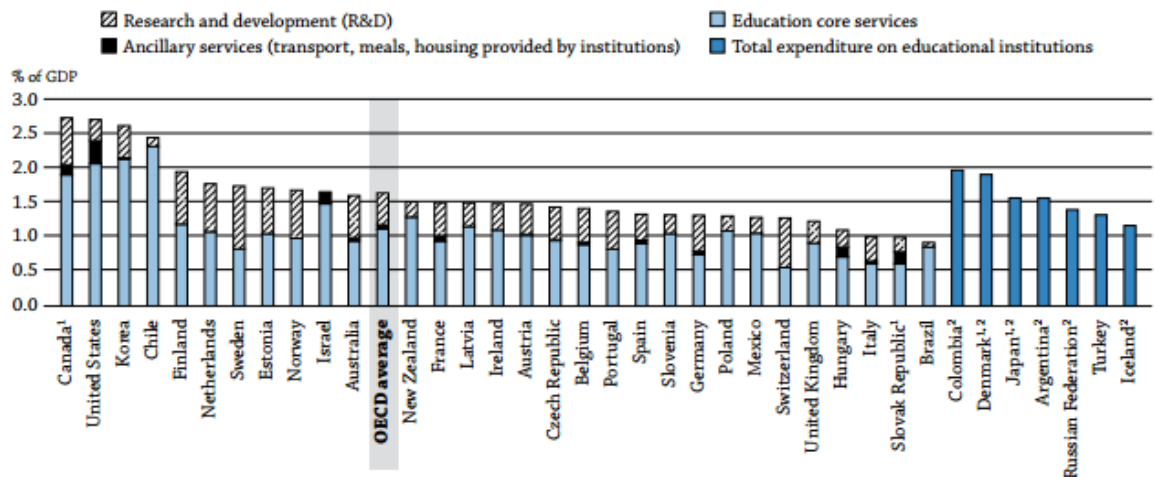
In conclusion, the perception that public funding has been reduced, with only few exceptions where it has at least become stagnant, proved to be true. Italy has been, and still is, among the countries where the effects of the crisis have impacted more strongly the economy of the country, and higher education is no exception.

UCSC, in response to the global financial downturn and the resulting reduction of funding, has responded strategically. Undoubtedly, the crisis has highlighted the major Italian higher education systemic problems. Thus, what remains to be verified is whether the strategic management response put in place by UCSC will be sufficient to overcome the effects of the retrenchment phase or whether the Italian HE systemic problems will prevent any positive progress.

In other words, the issue of funding, or lack thereof, might not be a decisive factor in the Italian higher education system. It is how the funding is used that is of impact. In fact, it has been regularly reported in the Italian media that the Italian HE system suffers from a shortage of funding when compared to others. As the OECD data demonstrate, this observation is likely generated by the fact that the ratio between general spending for Research and Development (R&D) and GDP is much lower in Italy than in other countries. Italy's current financial allocation towards higher

education represents a strong deviation from other EU members. The last official EU report (European Commission, 2011) highlights the country's limited percentage of GDP allocated towards HE (Figure 3.6).

**Figure 3.6 - Expenditure on educational institutions for core services, R&D and ancillary services as a percentage of GDP, at the tertiary level of education (2011)**



Source: OECD 2014

Andrea Cammelli comments: “[s]urveys attribute this situation to the longstanding difficulties of the Italian economy, characterized by small and very small enterprises, and the failure to recognize the strategic need to invest in higher education and research to enable Italy to compete on the world stage. This is clearly reflected in the limited allocation of resources to higher education and research” (2011, p. 7).

In a report cited again by Cammelli (2011)<sup>1</sup>, Bulgaria is the only country within the EU-27 that spends less of its GDP on HE than does Italy. The latter performs just as poorly on its strategic R&D with 1.2% allocation of its GDP in 2007. Investments of the private sector are equally limited as they account for only 50% of overall input, that is 0.6% of GDP, whereas other countries invest twice as much (France: 1.3%; Germany: 1.8%; Sweden: 2.7%). However, when we compare the total Gross Expenditure on Research & Development (GERD), where Italy places eighth out of ten countries reported, but with the actual public financing per academic

<sup>1</sup> European Commission, 2011, Progress Towards the Common European Objectives in Education and Training ([http://ec.europa.eu/education/lifelong-learning-policy/doc/report10/report\\_en.pdf](http://ec.europa.eu/education/lifelong-learning-policy/doc/report10/report_en.pdf)).

researcher (GUF) Italy places the highest. Interestingly, Italian universities also come in second position as the country that spends the most per academic researcher with USD 0,18 million (HERD) (Table 3.7).

**Table 3.7 - R&D investments per university**

	GERD/GDP 2002	HERD/Academic researcher	GUF/Academic researcher
	<b>1</b>	<b>2</b>	<b>3</b>
<b>USA</b>	2.73	0.25	
<b>Germany</b>	2.51	0.12	0.09
<b>UK</b>	1.86	0.10	0.04
<b>France</b>	2.23	0.10	0.05
<b>Italy</b>	<b>1.11</b>	<b>0.18</b>	<b>0.14</b>
<b>Spain</b>	0.95	0.06	0.03
<b>Portugal</b>	0.85	0.06	0.04
<b>Denmark</b>	2.4	0.11	0.07
<b>The Netherlands</b>	1.88	0.17	0.12
<b>Canada</b>	2.03	0.13	0.04

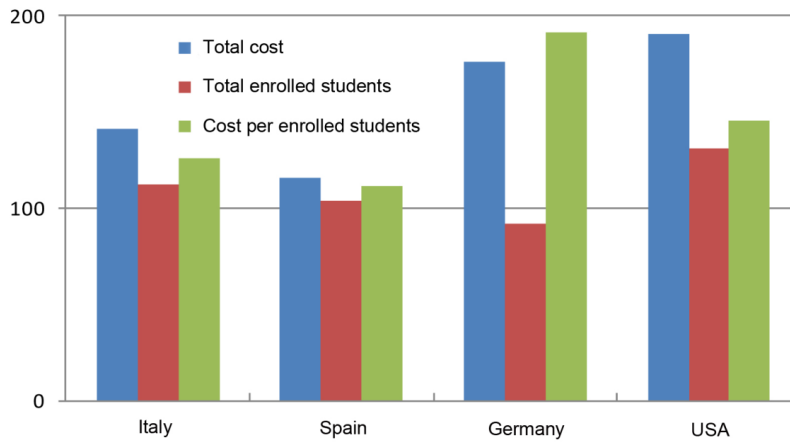
Source: OECD, Main Science and Technology Indicators database. Definitions: column 1: GERD (Gross expenditure on Research and Development) / GDP; column 2: HERD (Higher Education Research and Development Spending) in millions of US dollars, PPP adjusted, 1999 / full time equivalent academic researchers; column 3: General University Funds (GUF) in millions of US dollars, PPP adjusted, 1999 / full time equivalent academic researchers.

Italian universities therefore spend the most on researchers, however they have little to show for it (Table 3.12). The data contradicts any possible claim that the status of the research quality in Italy is due to the limited state funding allocated for research.

In a report published by Banca d'Italia in 2012 (Figure 3.8), we also find that the public spending for universities increased between 1995 and 2007, and has remained stable until 2009. The Italian State matches universities' expenditures to up to 75% and has done so consistently (Cipollone et al., 2012).

**Figure 3.8 - Variations on total university spending (1995-2007)**

Index: 100=1995



Source: elaboration on OCSE data, *Education at a glance 2010*.

Perotti's (2002) comparison between UK's public funding of universities reveals yet another discrepancy. The expenses, and thus the public funding to cover the costs of a full-time student and of a full-time equivalent faculty member, are higher in Italy due to higher salaries (Altbach, et al., 2012) and to minimal tuition contribution from students (Table 3.9).

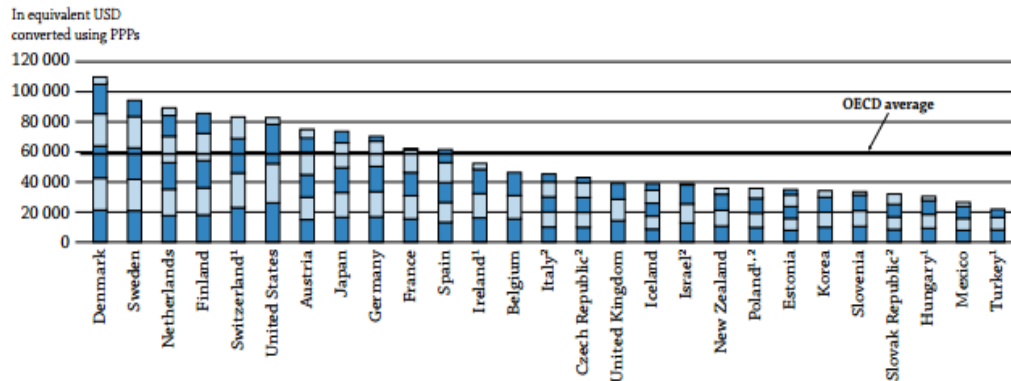
**Table 3.9 - Public funding to universities, UK and Italy**

	UK 1998/99 (U\$)	Italy 1999/00 (U\$)
1. Total cost / Academic staff	138,977	162,532
2. Total cost / Students	9,125	6,697
3. Total cost / Full time equivalent students	12,435	16,854
4. Investments on academic staff / academic staff	45,394	57,962

Source: UK: HESA (2000a) and (2000b); Italy: CNVSU (2001a) and (2001b). Note: UK: all universities. Italy: all public universities except Brescia, Cagliari, Calabria, Catanzaro, Chieti, Ferrara, L' Aquila, Parma, Perugia per stranieri, Roma (Istituto Scienze Motorie), Sassari, Siena, Siena per stranieri, Trieste. All data are expressed in dollars PPP, exchange rate .655 for the UK in 1999 and 1587 for Italy in 2000 (OECD Main Economic Indicators).

Although the data set used here refers to a decade ago, it is still relevant if we compare the two countries in the OECD report (2014) as it highlights yet again a major structural and systemic inadequacy of the Italian HE model (Figure 3.10).

**Figure 3.10 - Cumulative expenditure per student by educational institutions over the average duration of tertiary studies (2011)**



Annual expenditure per student by educational institutions multiplied by the average duration of studies, in equivalent USD. (Note: Each segment of the bar represents the annual expenditure by educational institutions per student. The number of segments represents the average number of years a student remains in tertiary education. 1. Public institutions only. 2. Tertiary-type A and advanced research programs only. Countries are ranked in descending order of the total expenditure per student by educational institutions over the average duration of tertiary studies). Source: OECD. 2011.

Both the UK and Italian HE systems are public, the major difference between the two however is the tuition schemes they apply, which account for the surprising discrepancy in public funding allocation between both systems.

In the case of Italy, public universities do not determine their tuition fees. Although there is a progressive system, which calculates tuition based on students' family income, the average tuition is still capped roughly at €1200<sup>2</sup>. This is supposedly a means to provide university access to socially and financially disadvantaged students. However, Perotti (2008) provides data which establish that, in the North, 24% of students come from the 20% of the upper class families. Only 8% comes from the 20% of the lower class families. In the South, 28% of university enrolled students come from the richest families, and only 4% from those of lowest income. Statistically, this means that in the Italian public system every student, including those from the lower classes, pay to provide education to the richest, given the fact that the majority of those who enter universities are from the upper class.

The Italian university, unlike the British one, is fully dependent on public funding, and cannot complement its financial needs with tuition. Furthermore, it cannot

<sup>2</sup> Modernising higher education – facts and figures MEMO/11/615, IP/11/1043; [http://europa.eu/rapid/press-release\\_MEMO-11-613\\_en.htm](http://europa.eu/rapid/press-release_MEMO-11-613_en.htm)

plan, nor define, any strategy for research or structural investment to become more competitive, whether in terms of its academic and research outputs (quality and quantity), or in terms of its services.

[I]t is one thing to adopt a particular curricular format, a common institutional structure and a formal commitment to quality assurance (ideational changes), but it is another thing altogether to embrace a culture of continuous evaluation, responsiveness and accountability vis-à-vis multiple stakeholders (organizational changes). (Capano and Piattoni 2011, p. 600)

The problem is not the lack of financial public resources but rather the way the funding is used. The distribution is not based on productivity, with incentives and rewarding mechanisms to the best performers, but instead is given to institutions based on costs generated without any expected accountability for the expenses (e.g. between 1990 and 2010 the number of degree programs offered by Italian universities increased from 898 to 5,469 [Cipollone et al., 2012], the ensuing costs for recruiting new professors as well as the salary increases of those already teaching and delivering the new courses was covered by the state). It is like a competition, but no matter where the athletes place in the final ranking, they all get the same prize.

Consequently, the solution might not be in injecting more funds into the system, but rather in allocating them in a different way: funding should follow quality; and quality should be evaluated on clear and transparent criteria, assessed with pre-established indicators. However, in December 2010, a reform (Law 240/2010, or 'Gelmini reform') changed the internal organization of Italian universities.

[P]olicy rhetoric stressed the introduction of managerial principles and Law 240/2010 was presented as a turnaround in governance. However, instead of following the example of HE policies in other European countries, which adopted a 'steering at a distance' approach, the new Italian legislative framework actually tightened regulation. Competition at the institutional level remains modest, while the managerial approach to institutional governance is not promoted. [...] Centralization of power in the hands of state persists: it retains formal control over funding, curricula, HRM (together with academic oligarchy), and turnover, while universities remain conceived as homogenous bodies with limited autonomy. (Donina et al., 2015, p. 230)



The account provided by the literature leads to the question of whether there might be measures in place in a HE system that are more adequate and conducive to guarantee a greater output with the contributing resources. It is a question of autonomy, efficiency and productivity, but also of standards and goals (Jongbloed 2003; 2010). Thus, the matter definitely requires a political response that is one based on the economic analysis of the labor market's needs, and adherent to the new reality set by a global competitive environment. This response needs to address the deficiencies found in the higher education sector.

The financing of higher education throughout the world has seen dramatic—and also intellectually, ideologically, and politically contested—changes in the last decades of the 20th and the first decade of the 21st centuries. In the main, these changes in financing are responses to a worldwide phenomenon of higher educational costs tending to rise at rates considerably in excess of the corresponding rates of increase of available revenues, especially those revenues that are dependent on taxation. (Johnstone and Marcucci, 2007, p. 1)

This is further confirmed due to the negative effects of the recent financial crisis (OECD, 2014). It is undeniable that the mechanism for funding serves as an important tool to achieve higher education's most important objectives, such as quality, efficiency and access (Marginson, 2004). At the same time though, the models of funding might still be seen as steering instruments used by governments, which prevent institutions from changing because the system is deprived of competitive factors (Jongbloed, 2003; Vaira, 2004).

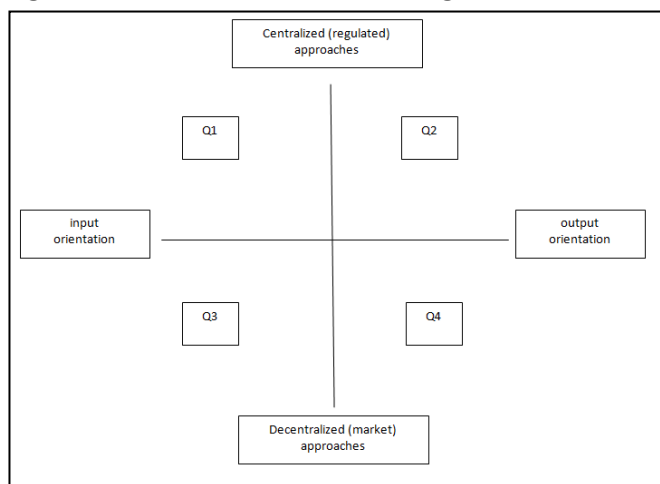
To address these issues attention should be given to these two the aspects: first, the way state funding should be allocated to universities in order to develop a virtuous mechanism that would allow universities to make their own decisions over their financial resources (Jongbloed, 2010); second, on who pays for higher education. In fact,

one of the most increasingly global implemented, yet still highly contested, policy solutions has been the shift of portions of the costs of instruction, which in most countries has been born substantially or sometimes even exclusively by government (or taxpayers), to parents and/or students, as well as the policies then designed to preserve or even to expand accessibility in the face of this shift. (Johnstone and Marcucci, 2007, p. 3)

### 3.3.2 Funding models

Funding models have been classified stressing the dimensions of performance orientation and individual (decentralized) decision-making (Figure 3.11: Q3 and Q4) versus a more centralized system of funding (Figure 3.11: Q1 and Q2), where allocations are based on requests submitted to budgetary authorities (Q1) (Jongbloed, 2008; 2010).

**Figure 3.11 - Classification of funding mechanisms for HE institutions**



The two axes from left (input) to right (output) represent the orientation of a HE system in allocating funding starting with ‘efforts’ and ending with ‘results’; whereas the vertical one indicates the approach of a HE system from top (centralized, regulated) to bottom (decentralized, market).

#### 3.3.2.1 Q1: planned, input-based funding through providers

The top left hand portion of the diagram represents a centralized system of funding. It shows a more traditional type of budgeting, where allocations, for both teaching and research, are based on requests (activity plans, budget proposals) submitted to budgetary authorities. This is known as negotiated funding. In this mechanism, budget allocation is often based on the previous year’s allocation of specific budget

items. In this case, budget items may likely also include categories such as staff salaries, material requirements, building maintenance costs, and investments.

#### *3.3.2.2 Q2: Performance-based funding of providers*

It is a centralized system but the criteria on which funding is allocated refer to outputs rather than inputs. Funds are allocated to those institutions that are successful in terms of, for instance, number of credits accumulated by students. This can also be called a 'taximeter model' since increase in allocated funding is proportional to the outcomes reached.

#### *3.3.2.3 Q3: purpose specific purchasing from providers*

In this system institutions are invited to submit tenders for a given supply of graduates or research activities. The tenders are usually selected on the basis of quality and price. In this model HE institutions are encouraged to compete with one another to provide education, training, and research in order to meet national needs.

#### *3.3.2.4 Q4: demand-driven, input-based funding through clients*

This funding system makes use of vouchers. The core funds of higher education institutions are supplied through their clients. Students obtain vouchers that can be traded for educational services at institutions of their choice. In this system, higher education institutions must look after the quality of their teaching and their supply of courses, because unattractive programs will not receive sufficient funding, that is they will not be selected by students.

In higher education, traditionally governance and management resorted to a system where the funding of the providers of higher education and research was driven mostly by input measures like student enrolments or staff positions [Q1]. In recent years, one may witness the introduction of competition, user fees, and the stressing of performance-based funding [...], where HEIs' government

appropriations (their core funds) are increasingly based on measures of institutional performance [Q2 and Q3]. (Jongbloed. 2010, p. 18)

Increasing university funding and university autonomy is seen as mutually reinforcing factors to achieve high performance and gain global reputation. If we compare different rankings we can notice that those institutions performing in the rankings, namely the World University Ranking (Times Higher Education), the Academic Ranking of World Universities (Shanghai) and the World University Rankings (WUR), have based their success on two elements: 1) availability of funding, 2) autonomy, or a combination of the two.

Different scholars have investigated the possible relationship between organizational autonomy and performance.

[The] outcomes suggest that university research performance is positively correlated with university autonomy, the level of funding and competition. [...] They also detect an interaction effect: higher levels of funding (i.e. higher budgets per student) have more impact when combined with financial autonomy. Their findings suggest a positive relationship between competition (for research grants) and research output (i.e. position on the Shanghai ranking). (Enders et al., 2013, p. 18)

I selected six countries, including Italy, to further verify the findings of previous scholars (Aghion et al., 2008), that is the connections between performance and autonomy and funding. I chose the US and the UK as these are the best performers in the rankings (Table 3.12) and compared them with four continental European countries: Germany, France, Spain and Italy.

According to an OECD report detecting university autonomy based on a number of different indicators (2007),

[t]he US has the highest scores on all dimensions of autonomy. In Europe, the better performing countries, i.e. UK, Finland, Sweden and Denmark, also score high on autonomy, although there are some differences depending on the type of autonomy. [...] Among the continental weak performers, France, Germany, Spain and Italy, there is also a large dispersion in governance characteristics. The common theme, nevertheless, seems to be low levels of autonomy [...]. (Van der Ploeg and Veugelers, 2008, p. 109)

**Table 3.12 - Universities in the top 100 and 200 international rankings (by countries)**

Countries	World University ranking (Times HE)		Academic Ranking of World Universities (Shanghai)		World University Ranking (QS)	
Italy	1	-	-	5	-	1
Germany	6	6	4	9	-	10
France	2	5	4	4	2	2
Spain	-	1	-	1	-	3
UK	11	18	9	12	19	11
USA	43	29	51	27	28	23

Sources: WUR, ARWU, WUR 2014

We can also compare these six HE systems by looking at the percentage of GDP devoted to higher education expenditure, which is the indicator adopted in this study to define the provision of funding for HE (Table 3.13).

**Table 3.13 - Trends in expenditure on educational institutions as a percentage of GDP, by level of education (2011) including all sources (public and private)**

Countries	%GDP
Italy	1
Germany	1.3
France	1.5
Spain	1.3
UK	1.2
USA	2.7

Source OECD, 2014, 231

I draw the following conclusion: universities in Europe that have a large degree of autonomy perform better in the ranking (UK) than systems with a greater provision of funding but less autonomy: France, Germany Spain and Italy, which devote to HE respectively 1.5%, 1.3%, 1.3% and 1% of the national GDP.

The UK places in the ranking between 20 and 30 universities in the top 200 (Table 3.12), although the GDP percentage to HE is lower than other countries, such as France, Germany and Spain. Germany places at the most 14 institutions in the top 200 and Italy and Spain place less than 6 (Table 3.12). Thus HE systems with a more centralized funding distribution model, which also implies less autonomy, rank undoubtedly lower (Germany France, Spain and Italy) than American and British institutions.

Finally, the system (USA) with a more market-based approach (Figure 3.11: Q3) coupled with a larger provision of funding (Figure 3.6) excels in the ranking with, depending on the ranking of reference, between 51 to 78 institutions in the top 200 (Table 3.12). Clearly, the performance of Europe's universities still lags far behind that of their US counterparts, with the exception of the UK, which surprisingly has one of the systems with a lower GDP percentage devoted to HE (Figure 3.6) with 1.2% (only Italy has a lower percentage with 1%) but has a stronger market based approach (Table 3.12).

Thus, the funding system in HE is an important factor for the development of management measures in universities. Global trends and practices increasingly point towards market-based, or performance-oriented and decentralized, types of funding mechanisms (Jongbloed, 2008). This explains why governments have shown a tendency to augment the direct funding of universities with competitive and performance-based funding mechanisms. "Funding reforms (stronger emphasis on performance, more funding for research and the introduction of targeted research funding) and financial autonomy have contributed to an increase in research productivity in some countries" (Enders et al., 2013, p. 18).

In a previous example, I have already compared two HE systems, namely UK and Italy, to show that a student, to complete a degree (Table 3.14), despite what has been commonly believed, costs more in Italy (USD 42,000) than in the UK (USD 38,971). Taking from Van der Ploeg and Veugelers (2008), I included in the list the other EU countries already taken into account, that is Germany, France and Spain (Table 3.14) and made the comparison using the same indicator.

**Table 3.14 - Comparison between cost per student per year**

Countries	Cost per student per year	Cost per student per Average Duration of Tertiary studies
Italy	9990	42000
Germany	16723	70068
France	15375	61807
Spain	13173	61386
UK	14223	38971

In equivalent USD

Source OECD 2014

Annual expenditure – 2011 - per student by educational institutions for all services and cost per student per average duration of tertiary studies; cumulative expenditure per student – 2011 - by educational institutions over the average duration of tertiary studies

Two relevant observations can be drawn from the data-set: 1) to complete a degree a student in the UK costs less (USD 38,971), and it is thus arguable that the HE system is more cost-effective than in other EU countries, in fact a student costs almost half as much as he/she does in Germany, which is the most expensive with USD 70,068 (Table 3.14); 2) Italy is the country with the lowest annual cost per student (USD 9,990), but compared with the UK (USD 38,971) Italy still ends up spending more on an average duration of studies (USD 42,000 ).

It is then reasonable to conclude that such a discrepancy in cost might be explained by the funding mechanism in place in the UK; most of the teaching grants are allocated by “formula” with performance related input (Q2 quadrant in Figure 3.11), but unlike the other countries (Aghion et al., 2008) the teaching allocation is also subject to a funding agreement (or contract) specifying the volume of teaching activities to be delivered (Q3 quadrant in Figure 3.11). The funding agreement is built upon a target number of students (Jongbloed, 2008). Besides, since fees in the UK cover a substantial share of educational costs (Lepori et al., 2007), the universities’ attitude towards students is more market-oriented and students’ choice is driven by “value for money” (Enders et al., 2013).

Thus, “[i]nstitutions must compete hard to attract students to fill their places and secure revenues” (Marginson, 2004, p. 190). As a consequence, students are encouraged to finish their studies in a prescribed length of time; unlike what happens in countries such as Italy, where students can be enrolled for as many years as they want (so called phenomenon of “fuori corso” student). In the UK, universities tend to expand their income by containing costs, attracting best students and putting in place activities, both academic and service-oriented, to ensure that students complete their degree in the prescribed time (Aghion et al., 2008).

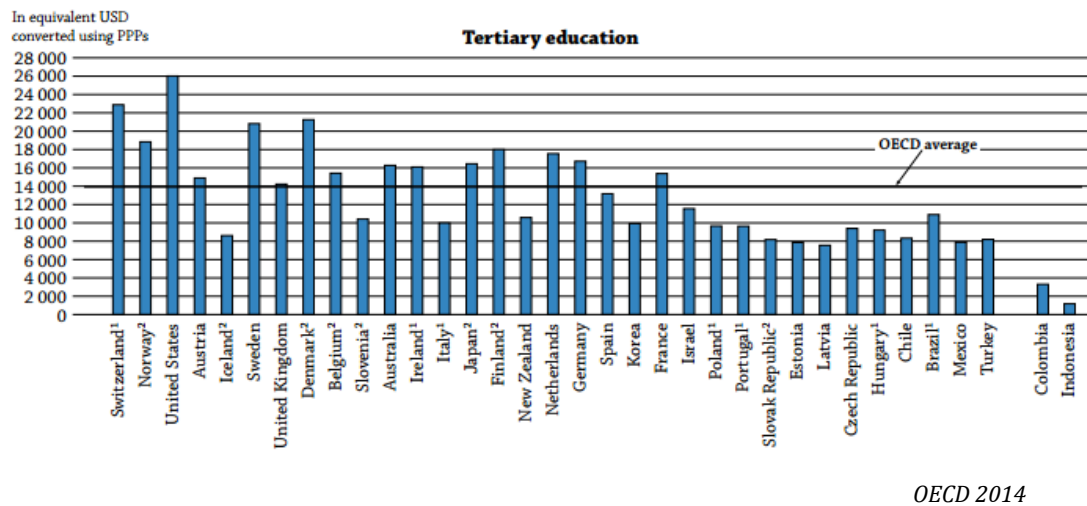
In a centralized system however the outcomes generated are very different (Minelli et al., 2012). On the one hand, Italian students, unlike their British counterparts whose tuitions are largely subsidized by the government, have no incentives (or obligations) to conclude their degree in a given time. On the other, Italian universities have to deal with an unsustainably large community of students to which they are unable to provide quality teaching and services. No doubt that if the number of students rises, and the facilities and staff dedicated to deliver services do not increase accordingly, student expectations cannot be met. This reflects negatively not only on universities, since the HE framework does not allow them to do other than accepting this situation; but it also affects the more diligent students, who are not provided with a conducive learning environment. Finally it impacts the contributors (that is society), who, through their taxes paid to the state, sustain such an inefficient HE system.

Jongbloed draws the following conclusion: “[c]ountries with better performing universities in terms of the Shanghai ranking [...] devote a higher fraction of their GDP to higher education. Similarly, better performing universities have a higher budget per students” (2008, p. 11). Nevertheless, this has proven not to be completely accurate. In fact, if this were fully true and, leaving out the USA with the highest GDP dedicated to the HE sector (2.7%) in the OECD area (2014), France (1.5%), Germany (1.3%) and Spain (1.3%) would perform better or the same than the UK (1.3%). In reality, these countries lag very far behind UK universities (Figure 3.15). Moreover, the statement that a higher budget per student contributes to a better positioning in rankings, pertaining to universities in some countries, is imprecise (Figure 3.10). Again, if we take the US institutions out of the picture, Germany (USD 16,723) and France (USD 15,375), which also benefit of a higher portion of GDP percentage devoted to HE, should both place more universities in the upper part of the rankings compared to the UK, whose budget per student is lower (USD 14,223).



The reality is that UK universities do much better with less money. “[T]he situation within Europe varies significantly. And there is the intriguing case of the UK, which does very well in the Shanghai ranking, thanks to its top performers, while its aggregate funding is relatively modest” (Aghion et al., 2008, p. 29).

**Figure 3.15 - Annual expenditure per student by educational institutions**



Countries with better performing universities in terms of the rankings (Table 3.12) therefore base their success, as in the case of GDP percentage allocation, not only on the two factors, such as higher annual budget per student and a decentralized (market) system, but more accurately on the right combination of the two. Thus, the reason why European universities, especially in the South, do not perform well when competing with other international universities is not merely a lack of funds but an absence of balance between competition and regulation.

Organizational autonomy appears to be one predictor of the quantity of output of the primary processes of universities in research and teaching (e.g. numbers of graduates, articles published, number of patents, success in research grants). As regards the autonomy situation of the university, university's decision-making capabilities to manage financial affairs as well as human resource affairs seem to be more important variables than other dimensions of autonomy. (Enders et al., 2013, p. 19)

### 3.3.3 Performing universities and composition of financial resources

The analysis of both the GDP percentage allocation and the annual budget per student has demonstrated that, what counts more than these two factors for

university performance, using the ranking as a point of reference (Table 3.12), is the balance between the availability of funds and the autonomy (decentralized, market-approach) given to HE institutions.

The adoption of appropriate legislation would make institutions more accountable in performing in a competitive environment rather than simply complying with the norms and regulations of the state (Jongbloed, 2003; 2008; Aghion et al., 2008; Enders et al., 2013).

This would generate a virtuous development of excellence in a higher education system and create a positive aptitude of its self-governing universities to compete for students, faculty and research funding (Margison, 2004; Aghion et al., 2008).

In such a system the autonomy gained by HE institutions would entail possessing a legal standing allowing universities to make choices regarding their resources, to hold power to negotiate staff employment contracts, both for academic and administrative personnel, to determine their salaries, and to set independently their budgets and long-term institutional policies (Gibb et al., 2013).

The government's role would then change from being a controlling body to a supervising one, thus favoring the conditions for a market-type of coordination. In such an environment the conditions in the decision-making process at the university would be similar to those found in the relationship between a provider, that is the university, and the client, namely the student (Joegbloed, 2003; 2008; Minelli et al., 2012). "Thus, for example, complete autonomy in our case (higher education institutions) would mean, among other things, that the university could determine its own curricula, choose fee levels, select students, select professors and other teaching staff and decide on remuneration levels (within the limits of its means), establish development plans, etc." (Aghion et al., 2008, p. 34).

The supervising role of the government would guarantee regulations for maintaining and developing a market-type coordination (Jongbloed, 2008; Ferlie, 2008), all the while ensuring that the national interests are met. Evidently, universities would be held accountable for meeting quality requirements no matter whether the institutions are private or public. Financial autonomy would be granted to prevent that reliance on public subsidies would turn again into a dependence on the state. In their research Aghion and his colleagues (2008), whose data are shown in Table 3.16, provide evidence of governance arrangements for a select number of universities in ten different EU countries. One can immediately notice that there is within Europe a great heterogeneity with regard to university governance.

**Table 3.16 - Characteristics of governance in EU institutions**

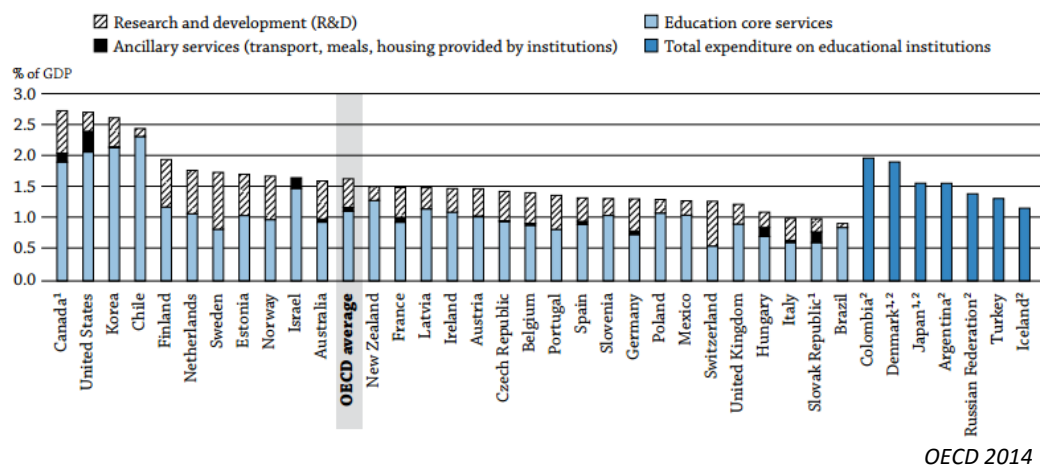
	Age (in years)	Public status (1 if public, 0 if private)	Budget autonomy (1 if yes, 0 if no)	Building ownership (1 if yes, 0 if no)	Hiring autonomy (1 if yes, 0 if no)	Wage-setting autonomy (1 if yes, 0 if no)	% of Faculty with own PhD degree	Proportion of internal board members
Belgium	284	0.5	0.375	1.0	1.0	0.0	63	0.8
Denmark	59	1.0	1.0	0.25	0.5	0.5	40	0.4
Germany	289	0.9	0.0	0.5	0.8	0.0	8	0.9
Ireland	259	0.5	0.5	1.0	1.0	0.0	49	0.6
Italy	444	1.0	0.9	1.0	0.4	0.0	24	0.9
Netherlands	217	0.8	0.8	1.0	0.8	0.2	33	0.1
Spain	342	1.0	0.5	1.0	0.5	0.0	69	0.8
Sweden	266	0.8	0.8	0.2	1.0	1.0	58	0.4
Switzerland	326	0.8	0.1	0.4	0.8	0.0	24	0.9
UK	242	0.5	0.9	0.9	1.0	0.8	8	0.4
Total	290	0.75	0.55	0.76	0.8	0.31	29	0.7

(Aghion et al. 2008, 36)

State intervention (Figure 3.11: centralized regulated approach, Q1 and Q2) is clearly pervasive throughout Europe as evidenced by the public status of institutions and their autonomy in defining budgets, hiring, and setting wages. Regarding wage setting, only Sweden and the UK benefit from a relative or complete freedom in contracting salaries with staff. Whereas hiring autonomy is common but has greater limitations in Italy. A striking fact is the great variety in the types of university governance found across Europe. However in the UK, which is a high performing country in terms of research (Table 3.12), the autonomy to set wages is present.

Italy, in contrast, a poor performer in research production, has none. “The government does not appear willing to weaken its control (Donina et al., 2014), and Italian state universities’ statutes are changing from a status of ‘imposed autonomy’ to one of ‘regulated autonomy’” (Donina et al., 2015, p. 25). This suggests that universities in countries with low performance in rankings, such as, in addition to Italy, France and Spain, would improve their performance abilities by reforming some dimensions of their universities’ governance (Aghion et al., 2008). Pulled together, these results suggest that the research performance of a university is positively affected by measures of university autonomy and also by the proper use of funding. In fact, the UK unexpectedly devotes even less of its GDP to research than Italy (OECD 2014): UK 0.31% of 1.23% GDP, against Italy 0.35% of 1% GDP (Figure 3.17).

**Figure 3.17 - Expenditure on educational institutions for core services, R&D and ancillary services as a percentage of GDP, at the tertiary level of education (2011)**

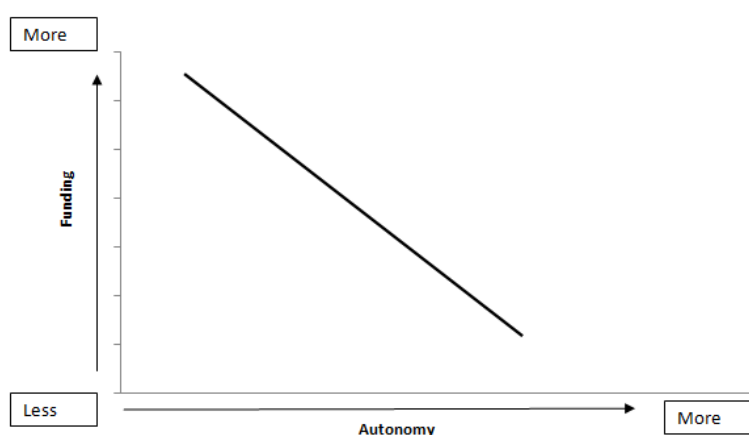


The discrepancy in the performance between the universities in the two countries in the rankings, which also measures the quantity and the quality of the research productions, is astonishing (Table 3.12).

Based on the research findings conducted by Aghion and his fellow researchers (2008), when triangulated with recent OECD data (2014), it is possible to observe the following tendency: in a context where there is a strong controlling role of the state, which means less autonomy for universities, the results achieved with the

same amount of funding, for instance in research production, are poorer; when the state has a supervising role, and greater autonomy is given to HE institutions, the same achievements are reached at a lesser cost. I created the graph below (Figure 3.18) to illustrate this tendency. The vertical axis shows the incremental funding from “less” to “more”; and the horizontal axis distinguishes the amount of autonomy from “less” to “more”. Therefore, greater autonomy translates into less funds allocated to reach a given objective, whereas less autonomy requires more funds to meet the same goal.

**Figure 3.18 - Correlation between funding and autonomy**



The literature and data have shown that autonomous universities may generate resources to increase efficiency and have the freedom to orient their strategies depending on funds available. Furthermore, considering the latter observation and the unsustainable shortage of funds for HE that most countries are experiencing, this might explain why there are clear trends toward the need of governments to give greater autonomy and revise the governance structure of their universities. “A further argument against sole reliance on tax-payer funding is a practical one. There are limits to taxation, not least because of political pressure, which collide with other priorities for public spending. Thus it is no accident that real funding per student decline sharply over the years as UK student numbers increased” (Barr, 2004, p. 267).

However, this increased autonomy does not minimize the important role of governments, which continue to provide subsidies, promote access, organize student support, and guarantee quality assurance. Additionally, by introducing performance-based funding mechanisms and greater competition, the government will set different incentives that may help generate differentiation among HE institutions in terms of quality, funding, and pricing (Jongbloed, 2010).

In conclusion, a mass higher education system requires greater reliance on markets and on individuals' and institutions' decentralized decision-making ability. "[T]he days of central planning are gone!" (Barr, 2004, p. 267). It seems however that the modernization of HE systems, especially in those countries that still experience an invasive control by the state, remains problematic due to a pervasive ideological vision, that views HE as the sole responsibility of the state which has made this shift in approach politically difficult to pursue. "The financial problems [...] of higher education—the inexorably rising per-student costs, the increasing participation and consequent increasing enrollments, the limits in most countries on governmental taxing capabilities, and the lengthy queue of socially and politically compelling competing public needs—are beyond politics and ideologies" (Johnstone and Marcucci, 2008, p. 10).

The literature on funding has been reviewed to verify whether the provision of public financing is a real issue for HE and whether specific environments have proven to be more conducive to having universities make their own strategic decisions. Both aspects are relevant for the scope of the study since UCSC is dealing with the negative consequences of a retrenchment phase, primarily caused by the state's inability to pay accumulated funds owed to the University as per an agreement between both parties. Moreover, the Italian HE system has demonstrated to be unfavorable in granting more autonomy to universities, even in light of the Educational Reform of 2010 (Capano and Piattoni, 2011).

### 3.4 Strategic management

This section of the literature review focuses on the implementation of strategies in HE institutions and how they have been translated into organizational change. The strategic process has been imported in universities from the corporate experience, which adopted this approach in the 20<sup>th</sup> century. Those strategies, when introduced in the HE context, appeared detached from reality and were turned into statements and superficial abstractions (Rumelt, 2001a), unable to provide meaningful responses. The process of managing change in universities has emerged as an “untidy cocktail” (Pettigrew, 1979) and revealed the complexity and the risks involved in strategic management (Kanter et al., 1992; Weil, 1994; Slowey, 1995; Dawson, 1996; Kotter, 1996; Shattock, 2003; Bridges, 2005).

Despite a recognised body of research generated from the private sector as to what makes for effective change management [...], higher education institutions (HEIs) continue to suggest that their needs are different to those of the private sector, as their culture is so different [...]. However, as HEIs seek to redefine the balance of income generated from public and private sources[...], HE can no longer be considered in solely public sector terms nor thus very different to the commercial sector. Rather, it should be seen as a ‘hybrid’ (private, public and not for profit). The push, now, is for institutions serious about competing in the marketplace to become more commercially minded in terms of ‘running the business’. (Marshall, 2007, p. 2)

UCSC is seeking to adopt a strategy that, based on its organizational identity (Albert and Whetten, 1985), aims to overcome the effects of the “retrenchment phase” (Figure 3.1 - Five hypothetical paths of identity change during the organizational life cycle [Albert and Whetten, 1985]) into which the University has fallen after many years of growth. Thus, the examination of the literature on strategy and strategic management provides an important contribution to the analysis of this specific case-study: the change management foreseen in the strategy demands for an assumption of risks and a shift from a simple readjustment of the activities to a highly brave process of transformational change (Eckel et al., 1998; Balogun and Hope Hailey, 1999). In fact, much emphasis has been placed on the thoughtful effort that senior administrators put into the definition of a strategy. It seems that in line with other experiences, detected by the literature (Kelly and Shaw, 1987),

less attention has been given to its implementation and to the difficulties that emerge from turning the strategy into action (Pennington, 2003).

According to Rumelt (2011a) a strategy starts with a plan, becomes a behavior, aims at positioning a product (or a service), sets a way of doing and commits the entire organization to a specific purpose. Thus, resources are allocated to reach a result in a certain environment (Lynch, 2009). A successful strategy is defined as the one that demonstrates the ability to understand the threat, offers a useful approach to overcome the problems, and provides a set of actions that are embedded in the policy (Rumelt, 2011b).

Universities are required to possess the ability to design middle long-term strategies, build support from the governance and undertake strategic actions in a more adaptive and entrepreneurial manner (Davis, 1987; 2001a; Sporn, 1999; Shattock, 2003).

Such an approach relies on adopting very broad policy objectives rather than a detailed planning approach and concentrates on encouraging and seeking to stimulate success wherever it can find it whether in an individual academic's research, in a new teaching initiative, in an opportunistic idea to create a new viable source of income or in a new facility which will add institutional value. It encourages initiative and discourages control, except at the most basic system levels; it seeks to release energy around the university rather than contain it, believing that successful universities thrive on the achievements of their staff and students not on a set of carefully constructed centrally designed policies. Perhaps, above all, it is driven by ambition either to achieve or maintain so-called 'world class status', or to compete vigorously within a national hierarchy of institutions. Such a style cannot flourish in a heavily hierarchical structure and top-down management styles; it works best where structures are flat, communication is quick and informal and where academic and administrator, professor and lecturer feel that their ideas will be considered[...]. (Shattock, 2003, pp. x-xi)

The crisis of the past five years has forced UCSC to make important strategic changes, which have polarized the internal debate within the University community into two factions: those who want to adopt a model based on economic, market-based opportunities; and the others who want to develop a strategy merely based



on the identity of the institution, its qualities and Catholic values. Such a situation occurs, especially in HE, when institutions engage in strategic management.

The positive outcome of such an approach is that, to promote the change, the effort is placed on working with those who are receptive to what is being put forward.

Thus positive energy is created around the change initiative. However, the downside of such an approach is obvious - i.e. where there are 'winners', there are usually 'losers'. With a fixed pot of incentives, not everyone will be a beneficiary. Tied to this is that where there is non-engagement, there can also be cynicism. However, like all risks, if such factors are thought through rigorously in the planning stage, and if there is a sufficient potential critical mass to proceed with this approach, there can be some 'quick wins' to generate positive publicity for the change initiative. (Marshall, 2007, pp. 9-10)

#### *3.4.1 Different strategic management views*

The case-study reflects the same debate that has characterized discussions on strategic management, however taken from an organizational identity standpoint. On the one hand, there is a view that identifies in a strategy a response to a competitive environment (Porter, 2004); on the other, a vision that overcomes the external challenges by focusing on the development of the internal resources with the assumption that those are unique, valuable and distinctively owned only by an institution (Albert and Whetten, 1985; Wernerfelt, 1984; Whetten, 2006; De Wit and Mayer, 2010). The former perspective is also known in the literature as the *competitive forces school*; whereas the latter as the *resource-based view*. These two views have been used in corporate organizations and detected by scholars who researched on strategic management. Universities have also been significantly influenced by these two conceptions in developing their strategies (Davies 2001a; Shattock 2003; Sporn 1999).

The *competitive forces view* emerges from the analysis of the external environment, and looks at the competition between the organization and other similar institutions. "Porter (1980) argues that industry structure has a strong influence in determining the competitive rules of the game, with the ultimate profit potential in

an industry being determined by the collective strength of five forces: threat of new entrants, intensity of rivalry among existing competitors, threat of substitute products, bargaining power of buyers, and bargaining power of suppliers [...]" (Huggins and Izushi, 2011, pp. 5-6).

Thus, a strategy has to place the organization in a position of advantage against other competitors (Porter, 1996). The key approach for the organization is to serve its customers' needs and gain a competitive advantage by continuously readjusting management strategy based on market forces (Clegg et al., 2011). The strategy is therefore developed by looking outside (market) while it changes the organization internally (De Wit and Meyer, 2010).

In my case-study, a group of senior managers demonstrated to favor the same approach by urging the Institution to develop its strategy based on an economic rationale rather than on its Catholic ideology, which is perceived by others as an important resource, and based on which the University has grown and shaped its organizational structure since its foundation.

The other school analyzed in the literature and named *the resource-based view* reflects more the position expressed by those who do not consider the economic rationale. In fact, the resource-based view (Wernerfelt, 1984; Barney, 1991) is inward looking and favors a strategy that privileges its internal capabilities and values (Teece et al., 1997) capable of responding to the challenges presented by the external environment.

[F]irm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness [...]. Firm resources are strengths that firms can use to conceive of and implement their strategies [...]. (Barney, 1991, p. 101)

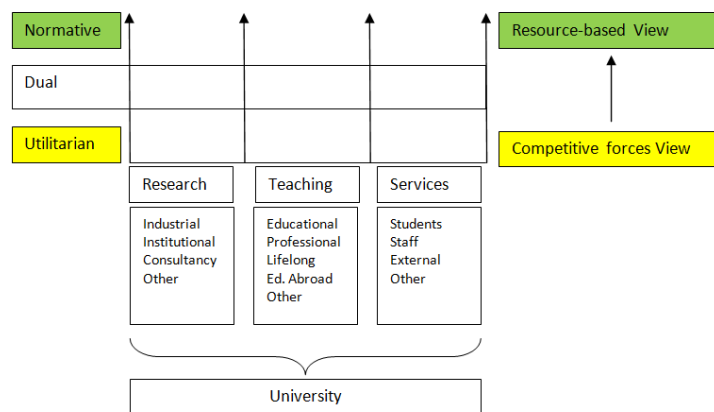
This approach starts from inside the organization, it reviews, changes and combines the valuable resources and makes itself able to respond to the challenges of the

competitive context. (Newbert, 2007). In Newbert's view, processes through which resources are utilized are also important.

In addition to simply possessing valuable, rare, inimitable (which by then included non-substitutable) resources, a firm also needed to be organized in such a manner that it could exploit the full potential of those resources if it was to attain a competitive advantage [...]. Implementation skills that could ensure proper resource exploitation included such organizational components as structure, control systems, and compensation policies [...]. (Newbert, 2007, p. 124)

Similarities might be found between the two sides – utilitarian and normative (Etzioni, 1975; Parson, 1960; Cummings, 1981) – in which the Organizational Identity Theory (Albert and Whetten, 1985) places the identity a university possesses and the two views detected in the literature (Figure 3.19).

**Figure 3.19 - Modified Diagnostic Matrix (Albert and Whetten 1985) integrated with strategic management views**



When an organization holds a strong normative identity, it tends to position its advantage on the reputation it has built over time. This has been the case of research intensive institutions where the strategies they have put in place have been more focused on the strengthening of their resources – resource-based view (Barney, 1991) – perceived as inimitable.

[A] particular firm must have insights about the opportunities associated with implementing a strategy that are not possessed by other firms in the industry [...] This unique firm resource (information about an opportunity) makes it possible for the better informed firm to implement its strategy before others. [...]. Thus, barriers to entry and mobility only exist when competing firms are heterogeneous in terms of the strategically relevant resources they control. (Barney, 1991, pp. 104-105)

Alternately, when a university retains a utilitarian identity, that is more oriented towards economic production and governed by values of economic rationality (Parson, 1960), it becomes more adaptive and entrepreneurial – competitive forces view – as it seeks to attract more students (customers) by meeting market requirements – better than its competitors – and continuously adapts its organization to these external demands (Porter, 1996).

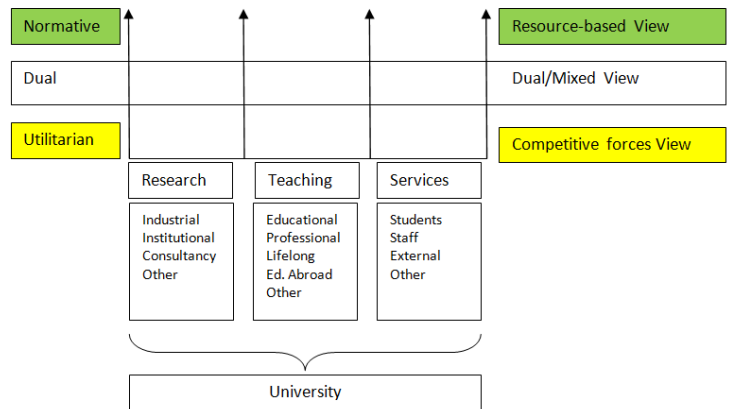
Understanding the competitive forces, and their underlying causes, reveals the roots of an industry's current profit-ability while providing a framework for anticipating and influencing competition (and profitability) over time. A healthy industry structure should be as much a competitive concern to strategists as their company's own position. Understanding industry structure is also essential to effective strategic positioning. (Porter, 2008, p. 80)

This is the case of those Italian non-state universities founded in the first half of the 20<sup>th</sup> Century (Guerzoni, 2001; Luzzato and Moscati, 2007) that are perceived as being adaptable to the external environment, financially conscious and able to exploit the competitive market (Davis, 2001a).

A university wishing to engage strategically – for either recovering from retrenchment or wanting to consolidate even more its competitive advantage – has to decide whether it should take on a strategy that chases the market (Lennington, 1996; Eckel et al., 1998); or rather focus on the review of its resources for exploiting its advantage and develop capabilities that reinforce the institution's identity (Whetten, 2006).

In the attempt of explaining the similarities between organizational identities – utilitarian and normative – and the strategic management views – competitive versus resource-based – that are at work at UCSC, the diagram (Figure 3.20) can be further modified as follows:

**Figure 3.20 - Modified Diagnostic Matrix (Albert and Whetten, 1985) with Dual/Mixed Strategic Management views**



### *3.4.2 Different approaches to strategic management*

The first mission of university administrators is to persuade the organization's members of the importance of adopting a strategy (Davies, 2001a). The approaches undertaken for strategic management are important since they need to fit the institutional identity, culture and norms since an unsuitable approach might otherwise encounter resistance and fail to meet the expected outcomes (Pennington, 2003; Davies, 2001a).

A degree of resistance to change is normal and should always be expected. Organisational politics are heightened and amplified during a change process as individuals and groups perceive shifts in power, authority, influence and territory. For this reason successful change requires not just technical competence from 'managers', but also sensitivity to political and human dimensions of organisational life. Failure to engage with, and resolve, these latter elements during the transitional process frequently leads to 'cosmetic' or 'surface' change and compliant behaviour lacking in authenticity. Commitment to self-identified and self-initiated change is always greater than change deemed necessary by others or imposed from external sources. (Pennington, 2003, p. 5)

Approaches to strategic management have been classified in the literature and might provide a very useful insight to explain part of the debate taking place in organizations. Disputes over the appropriate strategic management approach to be used are more likely to happen in HE institutions than in corporate organizations as different cultures in the same organization are at play – academic versus administrative, sometimes in conflict with each other, and solutions need to be

negotiated to ensure successful outcomes. Thus tensions are a natural part of the process.

A common approach to strategy is the prescriptive one:

[s]trategic management can be described as the identification of the purpose of the organization and the plans and actions to achieve that purpose- [...]. This definition clearly carries the implication that it is possible to plan strategy in advance and then carry out that strategy over time: rather like a doctor writing out a prescription with the aim of curing an illness – hence the word prescriptive strategy. (Lynch, 2009, p. 7)

The strategic planning begins by conducting a SWOT analysis and sets stages in a sequential order: unfreeze the existing status, move to a new state and consolidate the equilibrium (Davies, 2001a). The purpose is achieved by conducting a review of the organization's weaknesses and strengths, evaluate threats and opportunities offered by the external environment and develop a plan. At the end, it assesses the results of the actions implemented following the strategy (David, 2009). The limitation of this approach stands in its rigidity as it assumes that the external environment remains stable and once evaluated correctly a strategy will develop accordingly through a number of linear actions that lead to expected outcomes (Lynch, 2009).

In contrast, the emergent approach is more dynamic and does not suffer from the limitations of making an incorrect assessment of the market that would negatively influence the development of a strategy. Thus, it refuses to follow a sequence of preset phases as it argues that uncertainty and an ever evolving external environment would invalidate the strategy as it would be inconsistent (Mintzberg, 1987).

[E]mpirical research (Mintzberg, 1987; 1994; Johnson, 1986) has shown that the development of strategic management is more complex than the prescriptive strategist would imply: the people, politics and culture of organizations all need to be taken into account. Strategists [...] have emphasised the learning approach to strategy: encouraging managers to undertake a process of trial and error to devise the optimal strategy. (Lynch, 2009, p. 41)

Consequently, strategic management becomes a process, based on trial and experiments, that defines the organization's strategy; it is emergent as opposed to prescriptive.

Although more adaptable to external changes this approach lies on the assumption that organizations unquestionably possess the required set of skills and behaviors that would allow them to overcome the pressure of changes in the market (Bartlett and Ghoshal, 1994). The lack of entrepreneurial management expertise paired with inexperience to cope with the pressure of the business environment (Sporn, 1999) makes this approach less commonly adopted in HE institutions. Universities are inclined to adopt "a more structured approach to the planning and roll-out of change initiative" (Marshall, 2007, p. 5).

In this approach the leadership skills are more emphasized since, instead of pursuing a detailed drawn strategy, administrators need to guide the organization with inspiration and encouragement; the strategy lies "on progress" and is crafted as it evolves (Mintzberg and McHugh, 1985).

The successful realization of a strategy depends on a number of factors. For instance, in a time of favorable and stable external conditions the prescriptive approach is more suitable; whereas in a time of change the emergent one corresponds more closely to reality (Mintzberg, 1994). Thus, strategies might be divided into two categories: "realized strategies" that reach the desirable outcomes, and "unrealized strategies" that fail to achieve the results (Mintzberg, 1994). Nevertheless, unrealized strategies might turn into an adaptive approach, which stands in the middle between prescriptive and emergent (Chaffe, 1985). The adaptive approach aims at aligning the activity contained in the strategy with the changing conditions of the external context. It starts as a prescriptive approach and, under the pressure of the circumstances, turns into an adaptive one.

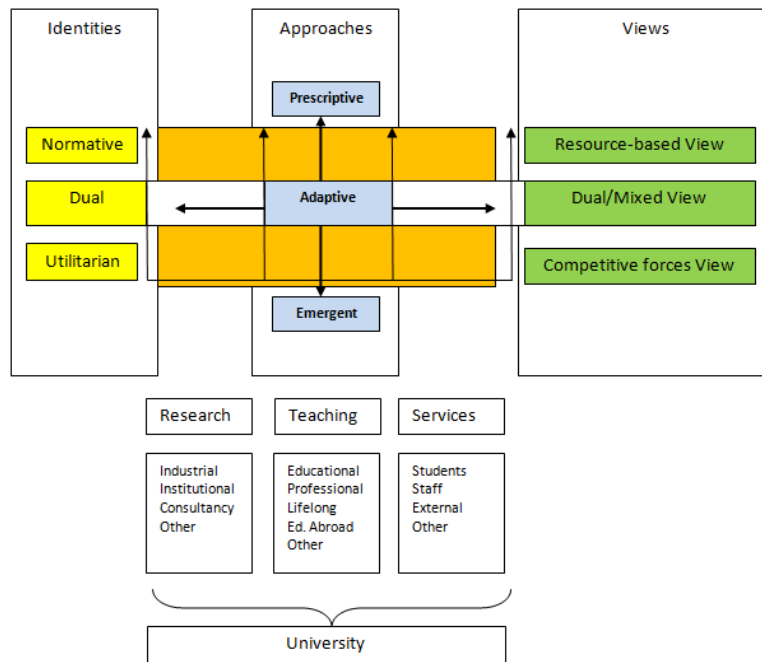
The adaptive approach might well serve to explain the approach adopted at UCSC, for its strategy's origin is of the prescriptive type, but as it developed, was shaped and adjusted to the varying external conditions. This seems to be common in another cases present in the literature. Adaptive and entrepreneurial HE institutions begin with a clear and delineated strategy born to respond to the pressures of competition (Davies, 1987), but at the same time face the unpredictable events by remaining open and flexible (Clark, 1998; Davies, 2001a). Though, according to Rumelt (2011a), this approach may also suffer from the shortfall of the organization managers' competence, thus underlining a connection between failure and managerial skills (Dearlove, 1998). There is a lack of "competent strategic leadership. A leader may justly ask for 'one last push,' but the leader's job is more than that. The job of the leader – the strategist – is also to create the conditions that will make the push effective, to have a strategy worthy of the effort called upon" (Rumelt, 2011b, p. 5).

The diagram used for the Organizational Identity Theory can be further modified on the assumption that the stronger the utilitarian identity (Etzioni, 1975) of a university, the more likely it is to use an emergent approach (Figure 3.21). Alternately, a stronger normative identity would incite adopting a prescriptive approach to strategy. However, since the needs and demands vary greatly across its primary functions (research, teaching and services), as applied in the matrix model (Figure 3.21), due to pressure exercised by university customers and stakeholders, it is reasonable to conclude that HE institutions tend to stand between both approaches (adaptive).

An "adaptive model" (Volberda, 1998) is described as a strategy "that is ex-post and bottom up" (Shattock, 2003, p. 29) and improvements are expected to "bubble up in an entrepreneurial fashion from lower levels in the organization" (Volberda, 1998, p. 35).



**Figure 3.21 - Modified Diagnostic Matrix (Albert and Whetten, 1985) integrated with dual/mixed strategic management views and strategic management approaches**

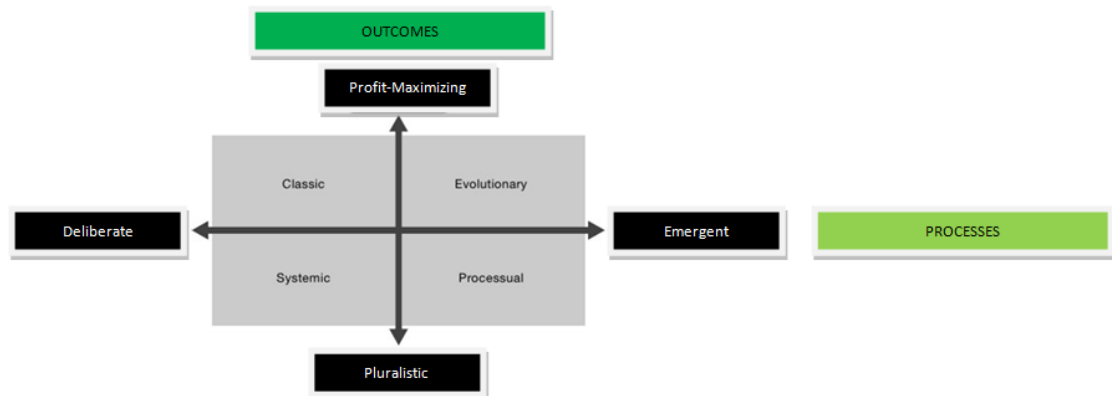


### 3.4.3 Processes and outcomes in strategic management

Approaches to strategy can also be classified by the chosen processes and expected outcomes (Whittington, 1993). Even in this case there is a correlation between profit maximization (utilitarian identity) and the maintenance of an organization's patterns (normative identity), as per Etzioni's classification (1975) also adopted by Albert and Whetten (1985) in the development of their theory.

Whittington's diagram (1993) is elaborated on the basis of the prescriptive and emergent approaches, yet another dimension is added (outcomes) and four different types of strategic management perspectives are classified: classical, evolutionary, processual and systemic (Figure 3.22).

**Figure 3.22 - Whittington's diagram on perspectives of strategic management (1993, 3)**



The “classic” perspective defines the approach taken in an organization with a solid vertical governance. Making profit is the primary outcome and the top-down process guarantees that the strategy is developed linearly (Whittington, 1993). It lays out a series of actions assuming that the market remains stable. Those who reject this assumption and do not believe in the ability of responding to the market with a prescriptive top-down strategy place their confidence in the evolutionary approach (Handy, 1991). Flexibility is at the basis of an evolutionary perspective. Leadership gains more importance than in the previous case as the culture of the organization is required to adapt to continuous market changes, and serendipity is embedded in the organizational values. These two approaches share the same strategic management view, that is the competitive forces one (Porter, 2004).

The other two perspectives, systemic and processual, are more likely to be adopted by organizations with a resource-based view since the maintenance of their reputation represents a pattern and places the emphasis on the development of valuable resources in order to maintain the advantage over other competitors (Wernerfelt, 1984; Barney, 1991). Barney affirms “that firms obtain sustained competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses” (Barney, 1991, p. 99).

Since the expected outcome in these two quadrants (Figure 3.22) is to be achieved by reaching a number of different objectives (pluralistic), the two approaches are more commonly used by not-for-profit organizations.

Specifically the processual approach takes its name from the incremental improvement, like a process, that evolves slowly due to the variety of stakeholders who are not always in agreement with each other about the actions to undertake. “Strategies do not develop as intended or planned but tend to emerge in organizations over time and as a result of *ad hoc*, incremental or even accidental actions. Good ideas and opportunities often come from practical experience at the bottom of the organization” (Johnson et al., 2012, p. 14). The normative identity of the organization (Albert and Whetten, 1985; Whetten, 2006) prevents the imposition of clear processes, as it would be in a corporate organization aiming at making profit; the realization of the strategy is achieved by exploiting competing views with bottom-up discussions that involve the entire community. At a later stage the consensus reached has to be legitimized through formal deliberation. If these early phases are disregarded, any attempt to move the strategy forward is unlikely to meet the expected outcomes (Davies, 2001a).

A systemic approach relies on the certainty that an organization can embrace a strategy prescriptively but under the condition that it keeps reviewing the strategy to adjust it to the social context (Whittington, 1993). The course of action will run the risk of failure if there is no commitment from those who will have to accept the change in an early phase and then implement the strategy with their active participation in the process (Davies, 2011b).

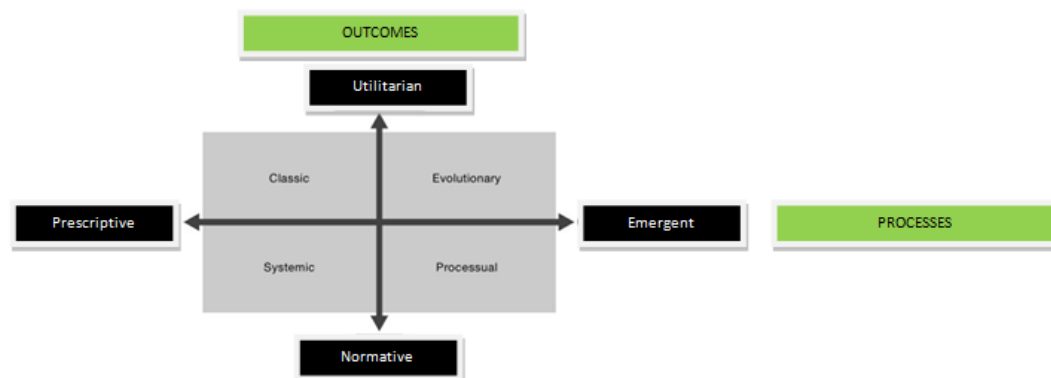
Both perspectives feature a longstanding relation with customers: the classic and evolutionary approaches serve the HE institutions rapport with their students; and in contrast the processual and systemic approaches facilitate the engagement institutions have with different stakeholders as a key factor for success (e.g. attention to the social context has less importance in the two approaches led by

profit-maximization). Likewise, the HE institutions that experience, in the variety of institutional members – academic and administrative, a need to reach consensus through long negotiations (Preston and Price, 2012) are able to carry on the transformative change successfully. Senior managers

had plenty of responsibility for ensuring that operational processes and systems were *in-situ* and that performance management and work-load planning activities were undertaken in a timely manner, [however] they had no authority to insist that they were done. Instead they had to use all their powers of persuasion to encourage people to conform, but with limited success. (Preston and Price, 2012, p. 413)

To be consistent with the previous classifications used in this study I would modify the typologies identified by Whittington (1993, p. 3) by changing the labels “Profit-Maximizing” with “Utilitarian” and “Pluralistic” with “Normative” (vertical axis); “Deliberate” will be substituted by “Prescriptive” on the horizontal axis (Figure 3.23).

**Figure 3.23 - Whittington’s diagram on perspectives of strategic management (modified)**



Amongst the four perspectives that have been identified in the literature some are more tailored to and descriptive of the situation occurring at UCSC. For instance, the processual perspective, with its slow moving progress together with the evolution of the strategy through confusing stages, has a strong application to the case-study. At the same time traces of the systemic perspective can be detected in the effort of leaders to be receptive to the different disciplinary cultures (e.g. humanities vs. business), and abide by the requests from employees (trade unions

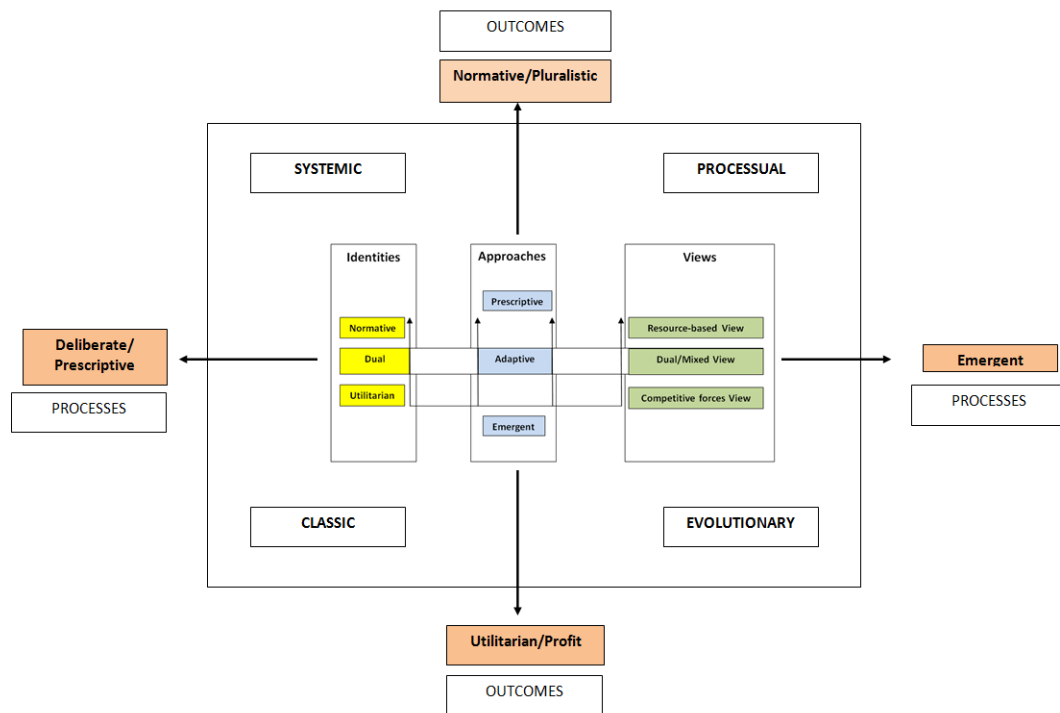
agenda vs. new employment contracts) without steering away from the identity of the organization and its core values (Clark, 1998). The other perspectives – classic and evolutionary – can also be somehow located in the intention of the senior administrators, instantaneously disappointed by the context, to transform the university into a more dynamic organization hinging the outcome to a top-down process.

As explained earlier, this perspective is unlikely to work in a university that encloses more than one identity (Albert and Whetten, 1985), that compromises between different strategic management views (De Wit and Meyer 2010), and that adopts multiple approaches (Lynch, 2009) imposed by a pluralistic set of outcomes that influence the type of processes preferred (Whittington, 1993). “Strategy is a complex topic with many different approaches” (Lynch, 2009, p. XV).

#### *3.4.4 A tool to detect the organizational identity and its relation to strategy*

In the attempt to explain the dynamics taking place at UCSC I incorporated the Whittington matrix (1993) in the diagnostic diagram gathered from the Organizational Identity Theory further expanded with strategic management views and approaches as studied in the literature (Figure 3.24). The diagram would help me sort and analyze the data that I have gathered from the interviews of University leaders conducted for my research.

**Figure 3.24 - Diagnostic diagram adapted from the Organizational Identity Theory (Albert and Whetten, 1985) integrated with the Whittington Matrix (1993)**



Having presented the different strategic perspectives applied to the HE context, there is one more aspect that requires attention.

At UCSC most of the debate in the development phase of the strategy was constructed upon recurring references, such as “this is how university ‘X’ did it” or “this is how the leading literature in the field suggests we do things”, made by a certain group of senior administrators. Another group however rejected this approach recognizing in the uniqueness of the institution, that is in its identity either real or perceived, a reason (or an excuse) not to follow the example or learn from other universities’ mistakes. “It would appear that in many cases, [senior managers] are being left to contend with the ‘myriad of discourses that are vying for attention as the individual engages in a constant process of identity construction” (Preston and Price, 2012, p. 415).

This raises a question particularly relevant for my case-study, that is whether the perception of identity, which manifests itself in a university context, influences

strategic decisions; and if so, are there cases that have already been studied and classified?

#### *3.4.5 Different strategic management paths*

When embarking on the development of the strategy and its application, organizations, like in the case of UCSC, tend to follow two different paths: normative or descriptive. The former instructs members of the organization how to execute strategic management (McFarlane and Ottewill, 2001); whereas the latter analyzes how an organization may undertake the task (Mintzberg, 1994).

Not surprisingly, then, the strongest theme to emerge in connection with the new [...]framework was a hope for a more straightforward and less bureaucratic review process. [Strategic g]uidelines should be less directive and less concerned with 'tedious details', creating 'a system that fits the purpose' and allow staff to focus on 'real world' task. In general, procedures needed to be 'lean yet effective'. (Marshall, 2007, p. 36)

The normative mode has probably influenced the approach taken by senior managers at UCSC as it provides instructions on how to conduct a strategic process. Whereas the descriptive has been used occasionally as a point of reference to either prevent the Institution from repeating someone else's mistakes or validate a decision to be made. In agreement with Rumelt, I personally believe that a strategy becomes valid only when it can be implemented (2011b). "Too many organizational leaders say they have a strategy when they do not. Instead they espouse what I call a 'bad strategy'. Bad strategy ignores the power of choices and focus, trying instead to accommodate a multitude of conflicting demands and interests" (2011b, p. 2).

On the positive side

[g]ood strategy, [...], works by focusing energy and resources on one, or a very few, pivotal objectives whose accomplishment will lead to a cascade of favorable outcomes. It also builds a bridge between the critical challenge at the heart of the strategy and action – between desire and immediate objectives that lie within grasp. Thus, the objectives that a good strategy sets stand a good chance of being accomplished, given existing resources and competencies. (2011b, p. 5)

A valid strategy has to have a clear and accurate understanding of the conditions, both within and outside the organization. It needs to support the organization's staff in being aware of the approaches to be adopted for implementing the strategic changes, translate the statements enclosed in the strategy into actions, and finally provide a suitable governance model that guarantees the coordination of the phases to reach the set objectives (Rumelt, 2011b). Rumelt suggests that there is not a "one fit all" model and, an approach that might work in the private sector may not be directly transferable to other organizations, including universities (2011b). Moreover, what might be valid for a university based in a certain country may not be so for institutions located elsewhere. "Most of the problems arose from using comprehensive processes that were not suited to the institution's character or from lack of political support" (Baker and Smith, 1997, p. 299).

The notion of transferability of strategic concepts (normative), and practices (descriptive), from corporations to institutions of HE, or non-for-profit organizations, has met criticism (Hughes, 2003). First of all, universities, although operating in a competitive environment driven by student and scholar recruitment and funding imperatives, are still far from behaving the way the free and often aggressive market dictates. Secondly, dissimilar to the private sector, universities have to cope with competing and sometimes conflicting outcomes (e.g. conduct high quality research and at the same time perform skills and excellence in teaching); thirdly, HE institutions have to accommodate the needs of multiple stakeholders (e.g. answering to public bodies controlling the quality of their teaching and being accountable to students, their families, employers, etc.); and finally the influence of their normative identity rejects the concept of profit maximization (utilitarian identity) and favors a more ideological orientation (Whetten, 2006; Albert and Whetten, 1985) that makes the transferability of norms and practices from one sector to another very difficult (Whittington, 1993).

Because institutions attempt to sustain traditional academic cultures while simultaneously promoting and developing corporate ideologies and structures, they are characterised by a multiple or hybrid identity (Foreman and Whetten, 2002). As identities are not unitary and fixed but pluralistic and fluid, there exists the context for different expectations and discourses as to: (1) the roles, rights, and obligations



of academics (e.g. academics as autonomous professionals; academics as managed employees); and (2) the nature and purpose of the institution (e.g. a crucible of learning and education; a profit-making enterprise). (Winter, 2009, p. 124)

#### *3.4.6 Strategic management applied to universities*

Strategic management in HE institutions is debatably very difficult to be compared with the one in the private sector (Whittington, 1993). “At least, in professional services, resort to market-pressures is a strategy laden with compromise and contradiction” (Whittington et al., 1994, p. 843).

Thus, the organizational accomplishment in universities is reliant on the ability of managers to utilize the core competences – as defined in the resource-based view (e.g. staff, skills, reputation, brand, etc.) – of the institution (Wernerfelt, 1984). Recognition of which resources and capabilities are purposefully useful represent the main strength. “Dynamic capabilities are higher-level competences that determine the firm’s ability to integrate, build, and reconfigure internal and external resources/competences to address, and possibly shape, rapidly changing business environments” (Teece, 2012, p. 1395).

Managers, given the peculiarity of each HE institution, have to gain knowledge by doing and continuously adjust available resources – as a cook with the ingredients – to suit the external environment. The utilization of the same ingredients is not a guarantee of the same outcome.

[M]anaging the future on the part of any university senior management team involves: understanding the present and the past condition of your institution, getting the resources right, so that there is a zone of freedom of action in which to operate, understanding the terms of trade of the business, especially its peculiar competitively cooperative nature, helping to identify a positive direction of travel for the institution, engaging progressively with that direction of travel [...] and optimistically trusting the instincts of the academic community (of students as well as staff) operating at its best. (Watson, 2010, p. 5)

Leaders and managers have to develop knowledge and organizational skills that they may use at the time of occurrence to develop, change and fine-tune the

strategy in response to sudden environmental shifts (Prahalad and Hamel, 1990; Grant, 1996).

This concept is further supported by recent literature. In fact, most of the theories in strategic management and organizational studies have been built on the assumption that a strategy is developed rationally in response to a predictable internal and external environment (Rumelt, 2011a). But this interpretation seems to allocate limited importance to the players – the managers – with their knowledge, motivation, feelings and emotions in carrying out their tasks.

A clear example of the lack of rationality demonstrated by HE organizations is provided by the scholars who developed the Organizational Identity Theory (Albert and Whetten, 1985). Their theory was founded on the basis of what they had witnessed as an irrational response to a seemingly trivial problem (Whetten, 2006). “[They] crafted a theoretical lens that afforded [them] a better understanding of the incongruous response to stimuli behavior on campus” (Whetten, 1998, p. viii). Due to the duality existing between the identity (utilitarian) of corporations, where strategic management was born, and the university’s identity which is mainly normative, Winter (2009) further investigated the theory connected to identity in the attempt to discover whether strategic management rationales could be integrated in a university setting. He concluded that “as academics enact their professional roles, they are influenced by academic (traditional) and managerial (contemporary) identities and the contradictions and conflicts that arise from these competing identity claims” (2009, p. 122).

Moreover, it is also very arguable that the environment has always been predictable, especially in the field of HE (Lennington, 1996; Scott, 2002; Winter, 2009). Taking as an example the context in which UCSC operates, it is clear that the demographic decline in Italy paired with the increase in competition to attract the fewer students, not only domestic, has forced universities to drastically change their

attitude towards the adoption of principles brought from disciplines such as marketing (Kok et al., 2010).

Indeed, managerialism and its associated ideologies, values and interests reshaped the nature of universities, making them into producers of commodities that consumers (students) may choose to demand depending on their competing preferences and the institution's perceived brand image. Under these business-like arrangements, academics are required to enact academic work in terms of a performance management agenda and, as a consequence, provide regular evidence to managers and their institutions of the contribution they are making to research targets [...] and the satisfaction rendered to customers [...]. The ideology of market-based rationality is so strong that for many academics any deviation from such a norm of work is considered fanciful, steeped in a bygone age, or insular and ignorant of the competitive and financial realities facing universities today. (Winter, 2009, p. 123)

Researchers are therefore speculating whether strategy focuses on the performers – leaders and managers – as it is something people have to interpret and develop (Jarzabkowski and Spee, 2009). These performers need to be very sympathetic to the organizational identity (Clegg et al., 2011) and at the same time understand the type of challenges for which the strategy has been put in place (Rumelt, 2011a).

The actor-centered view of strategy – which rejects the normative approach and is developed on the descriptive one – may be useful in offering an interpretation of the debate taking place at UCSC. Neither the instructions on how to do a strategy (normative), nor the experiences of other cases (descriptive) may prevent managers of the institution – the performers/actors – from shaping a strategy on its own organizational identity able to drive the University out of the retrenchment phase.

UCSC's challenges in facing an organizational strategic change might be understood in the transformation of the external context as well as the complexity encountered by its leaders in managing the conversion of the institution into a more adaptive and entrepreneurial one (Winter, 2009).

The increasingly competitive pressure of the HE environment has been treated in the literature and studied under different lights. Concepts such as “entrepreneurial

university” (Clark, 1998; Shattock, 2003; Winter, 2009; Clark et al., 2010), “academic capitalism” (Slaughter and Leslie, 1997), “commercialization” or “corporatization” of HE (Poole, 2001) give an idea of the impact of competition on universities and the need for them to develop an institutional response to such a pressure.

Considering all the factors mentioned previously (funding availability reduction, student demographic drop, greater opportunities for cross-borders study) that constitute the new environment in which HE institutions operate, it is to be expected that universities move gradually away from the intensive use of collegial committees toward the adoption of instruments and practices of strategic management to help them handle the new context (Poole, 2001). “[U]nder the continuing pressure of financial stringency universities have become much less collegial” (Shattock, 2003, p. 87). In fact, the literature demonstrates that the adoption of strategic plans in universities has increased since the late 80s (Eckel et al., 1998; Balogun and Hope Hailey, 1999); a number of descriptive and explanatory case studies have shown the impact of such a practice in the HE field that until then had been unfamiliar to the use of strategic management.

It is worth noticing that UCSC experienced, although later than universities located in other countries (e.g. Australia, UK, Canada, etc.), difficulties, tension within the institution, failure and frustration while developing strategies (Baker and Smith, 1997; Davies, 2001a; Jarzabkowski, 2003; Pennington, 2003; Marshall, 2007; Winter, 2009).

The case-studies conducted on universities have gathered a number of reasons for disappointing outcomes in strategic planning. For instance, one of the most common causes for failure has been the leadership’s lack of support and the mid-manager’s weak commitment to the strategy (Pennington, 2003).

[U]niversities are much more dependent on individual commitment for their success so that arresting decline or turning round failure requires political as well as managerial skills. Colleagues need to be convinced that decline or failure is actually happening and that the benefits of revival and renewal are worth the sacrifice that

will be called for. Universities need to consent to such a process and endorse it. (Shattock, 2003, pp. 168-169)

If they do not, they run into failure. Frequently, poor managerial knowledge informs the practical implementation of the strategy turning it into a set of uncoordinated activities and *ad hoc* responses to change (Balogun and Hope Hailey, 1999; Winter, 2009). The strategy often fails because the community, whose commitment is essential for the strategy to make progress, especially that of the deans, is either not properly informed of or actively involved in the process (Davies, 2001a). Finally, the implementation of a strategy may be in peril if it is in conflict with the university's identity, its culture and norms. The challenge "is the degree of cultural change required. We must transform a change of rigid habits of thoughts and organization that are incapable of responding to change rapidly or radically enough" (Duderstadt, 2000, p. 269). If ignored, the identity and culture, instead of creating cohesion, would generate resistance (Shattock, 2003).

[...] Change in the university is rarely driven from within. After all, one of the missions of the university is to preserve time-honored values and traditions. So too, tenured faculty appointments tend to protect the status quo, and the process of shared governance provides the faculty with a mechanism to block change. Most campus administrators tend to be cautious, rarely rocking the boat in the stormy seas driven by politics either on campus or beyond. Governing boards are all too frequently distracted from strategic issues in favor of personal interests or political agendas. (Duderstadt, 2001, pp. 16-17)

For this reason, scholars investigating strategic management in HE argue that universities, when engaging in such a process, should focus more on staff development as it would show immediately the intention of the senior administrators to provide satisfactory support for the cultural change.

They advise those at the top to ensure: that there will be some clear gains and few losses for groups and individuals involved; that ownership is widely shared; that effective leadership is available at all levels of the institution; and that any exercise of power is both minimal and timely. Given that universities are inherently political places [...] it is important that different interests are reconciled in as open a manner as possible. This may be done through establishing a culture where there is a reasonable degree of trust between different interest groups, and by contriving individual and departmental reward systems so that the achievement of one results in rewards for all. By setting things up in this way the emergent strategy is most

likely to be implemented, and it will also be easier to deal with feedback about the effects of implementation so that the emergent strategy can be modified appropriately. (Easterby-Smith, 1987, p. 50)

Having found out that culture is a critical barrier to overcome, Easterby-Smith suggests that universities should become more aware of the 'product' they provide. "In this respect education institutions are essentially service organisations, and their basic processes are quite different from manufacturing organisations. The crucial difference between the two is that in service organisations the 'product' is produced, as it were, jointly with the customer: it is almost a matter of team-work" (Easterby-Smith, 1987, p. 48). Thus, the development of a service-culture within the university for accompanying the transitional phase of the organizational change is essential.

The significance of this approach to strategy is that it places much more emphasis on the contribution of those lower down the organisation than it does on the grand strategies of those at the top. Both the quality of the service and the impetus for change and innovation depends on the performance of those directly involved in delivery. This implies that the responsibility of those at the top must be to create an environment in which those lower down are able to develop their skill and competence to the full. (Easterby-Smith, 1987, p. 49)

The identity of universities also indicates in a bottom-up process a more suitable way of carrying out strategic management (Davies, 2001a), since a top-down approach has been proven not to fit the disciplinary culture and identity of the institution (Shattock, 2003).

The literature reveals that, although an increasing number of HE institutions have made use of strategic management procedures and practices, they have encountered trouble in tuning strategic management techniques into the university culture (Rumelt, 2011a). The predominance of a normative identity (Albert and Whetten, 1985) in HE institutions seems to prevent strategic management to be fully accepted by universities, where the presence of multiple stakeholders creates a need for sharing and negotiating every single decision (Shattock, 2003). "Organisational statements or managerial actions that are perceived to run counter

to [educational] 'cherished ideals' are defended rigorously by academics, as they are often central to the person's professional autonomy, status and identity" (Winter, 2009, p. 123).

This attitude, unlikely to be the same in corporate organizations, where strategic management had been first successfully introduced and then continuously developed, has made it difficult to demonstrate that universities using strategic management techniques benefit from more positive results than others, and that there is very little evidence that one strategy has been more successfully applied in some institutions than others. "Several studies have however suggested that the academic values and norms are still very influential and constricting even for external top level managers [...], and that the new ideas about strategic capacity, accountability, responsiveness, etc. may not be as pervasive" (Degn, 2014, p. 903) as they were expected to be. The literature conveys the fact that the presence of managers with distinguished competences, skills and leadership capabilities seem to be a common characteristic for the successful implementation of strategies in HE organizations.

Nevertheless different studies suggest that "[m]anagerialism as a broad ideology has not yet had a major impact on [...] universities, perhaps due to new concepts being implemented by people that are used to the old rules and customs" (Currie et al., 2003, p. 187). Arguably, conventional approaches to decision-making in universities have not yet been influenced enough by managerial sense-making and behaviors; thus the applications of strategic management practices vary greatly from country to country and from university to university (Rui Santiago et al., 2006).

### **3.5 Leadership**

This section focuses on the relevance of leadership and management in elaborating, developing and in assessing strategic initiatives. I focus first on the importance of leaders, their roles and the impact of their leadership styles in the implementation process of the strategy. Then, I consider the impact of leadership on the

implementation of the strategy and consequently its influence on the process of change management in universities.

### *3.5.1 Definition of leadership*

Although very important for societies and organizations, leadership, once seen, is easy to recognize, however it is difficult to define its character. “Neither in common parlance, nor in the literature on the subject, is there consensus about the essence of leadership or the means by which it can be identified, achieved or measured (Bennis and Nanus, 1985). Although spoken about as a concrete and observable phenomenon, it remains an intangible and elusive notion, no more stable than quicksand” (Middlehurst, 1993, p. 7).

Leadership has also been conceived in different ways: on the one hand some scholars believe that leadership is about appointing one person who has the right qualities and the ideal features to be a leader (Stogdill, 1948); on the other, some associate leadership with behavior and style (Stogdill and Coons, 1957). In the latter case, leadership is more about

identifying those specific ‘behaviours’ (tasks and actions) associated with the type of leadership that we value or desire, (b) identifying the particular style (or styles) adopted by such leaders when they perform these behaviours, and (c) designing opportunities for others to develop the knowledge, skills, and attitudes necessary to adopt these behaviours and styles in their own work. (Marshall, 2006, p. 2)

The subsequent researches focused more on leadership behaviors (Likert, 1961; Blake and Mouton, 1964) and on other aspects such as the kind of conditions that need to be in place to favor leadership to develop. “[T]he types of ‘behaviour’ or ‘styles’ of leadership that prove to be effective vary enormously among different tasks, when working with different groups or in different contexts, and for different individuals” (Marshall, 2006, p. 2).



### *3.5.2 The relation between leadership and the context*

The assumption that leadership is contingent upon the environment was the founding principle of the so called “contingency theories” (Fiedler, 1967; Vroom and Yetton, 1973; Hersey and Blanchard, 1988).

Leadership performance depends as much upon the organization as it depends upon the leader’s own attributes. Except perhaps for the unusual case, it is simply not meaningful to speak of an effective leader or an ineffective leader; we can only speak of a leader who tends to be effective in one situation and ineffective in another. If we wish to increase organisational and group effectiveness we must learn not only how to train leaders more effectively but also how to build an organisational environment in which the leader can perform well. (Fiedler, 1967, p. 261)

This perspective of leadership was utilized in strategic management theories (David, 2009; Wernerfelt, 1984; Barney, 1991; Smircich and Stubbart, 1985) with the assumption that strategic decisions in HE are born in a context and rationally made by leaders (Schendel and Hofer, 1979).

This view though fails to recognize the importance of the knowledge of leaders, their experience and particularly their emotion in making strategic decisions. As Albert and Whetten (1985) first observed an irrational decision being made as a response to a seemingly insignificant budget cut at the university, other scholars, having encountered a similar phenomenon, have looked at strategies in a different way, that is less as a process of rationality (Mintzberg, 1987) and more as an adaptation of a top management style (Clegg et al. 1999) shaped by and adapted to the culture of the organization (Jarzabkowski, 2003). “[C]hanges in management may also arise out of changing interpretations and systemic needs. This implies a more emergent approach to the selection of new top management in relationship to the internal dynamics of change” (Jarzabkowski, 2003, p. 49).

Mintzberg (1987) argues that organization leaders take diverse strategic directions depending on their different styles of managing the organization. Handy (1993) further develops this concept by stating that effective managers choose the right

approach and style based on the context. “Leaders engage others by, above all, engaging themselves. They commit to their industry, their company, their job - seriously, quietly. Instead of preparing to spring to better ones, they stick around to live the consequences of their actions. That is how they earn the respect of those they lead, and so engage them” (Mintzberg, 2004, p. 22). This leads to the conclusion that behaviors demonstrated by leaders, their communication skills, and empathy toward the environment are as essential to reach successful outcomes of the strategy as the decisions they make to implement it (Hendry, 2000).

Independently of the decision making literature, a number of researchers have argued the importance of language communications for the exercise of strategic leadership and generation of large scale strategic change [...], and for the generation of strategic commitment [...] and identity [...]. Without linguistic dialogue, words cannot change their meanings and the new language structures appropriate to the behaviours called for by strategic changes cannot evolve [...]. Without a constant alignment, through language, of action and interpretation, the social structures and interactions appropriate to a new strategy cannot be formed. (Hendry, 2000, p. 968)

Northouse defines leadership as a process that has multiple dimensions and meanings and refers to leadership as “a process whereby an individual influences a group of individuals to achieve a common goal” (2010, p. 3). Thus it is more than an attribute associated with a single person. The role of the leaders becomes important when the relation established within a group, made by leaders and followers, is dependent on the former’s ability to influence the latter in recognizing a common objective and setting it as a purpose to pursue. “Viewing leadership as a process means that leaders affect and are affected by their followers either positively or negatively. It stresses that leadership is a two-way, interactive event between leaders and followers rather than a linear, one-way event in which the leader affects the followers but not vice versa” (Rowe and Guerrero, 2011, p. 1).

### *3.5.3 Distinction between management and leadership*

The literature focuses on the leadership’s ability to make good choices. Nevertheless, it is also recognized that culture and symbols (Schein, 2004) as well as

language (Hendry, 2000) are equally important to steer people working in a university. Also relevant to my study is the distinction made between leaders and managers. They are sometimes used interchangeably, or are rarely distinguished from each other (Northouse, 2010). There is evidence in the literature that a distinction between the two exists: leadership is an ability to inspire, whereas management is as a capability to plan. However, evidence on whether these two roles – leader and manager – can be held by the same person is lacking.

“Management is in control in the fullest sense of the word if it can accurately forecast the effects of changes in the environment and then institute actions in a timely manner to achieve planned results and minimize adverse effects” (Gyfoyle, 1987, p. 281). Ramsden (1998) believes that the two roles are equally important and interprets leadership as the making of long-term strategic decisions and as an effective communication of these decisions to the whole organization; whereas management refers to the implementation of the strategy and the decision-making process is more short-term course of action. Bennis and Nanus separate the two roles and clearly define managers as “people who do things right” as opposed to leaders “who do the right thing” (1985, p. 20).

Thus leaders are those who “translate intention into reality and sustain it” (Bennis and Nanus, 1985, p. 17). “Both are necessary, but the difference is crucial. Leading involves activities of vision and judgment, and managing involves activities of mastering programs” (Gyfoyle, 1987, p. 282).

No matter whether the two roles are separate or held by the same person, I believe that leadership and management need one another; inspiration (leadership) without implementation (management) has no effect on an organization or the other way around.

#### *3.5.4 The relevance of leadership for the case-study*

The legal status of UCSC in the Italian higher education system – a non-state university with limited access to public funding – has forced the organization to act more as an enterprise than a public-service-oriented institution. With less than 10% of its income coming from governmental sources and the rest of its revenue generated by tuitions and research contracts, the University operates – together with few other HE Italian institutions sharing the same status – as a market player in a challenging global economy. Nonetheless academic staff, although employed by the University, are civil servants and hold the same status as their colleagues in public institutions. This affects their loyalty to the institution and challenges leaders in conducting strategic changes (Capano, 2010). Thus, leaders and managers have to negotiate support from the academia rather than take it for granted (Gibbs and Murphy, 2009; Jones et al., 2012).

“The changing demands on higher education are challenging traditional assumptions not only about the nature and purpose of higher education and its place in society, but also about the systems of management and leadership that should operate within educational institutions” (Joyce and O’Boyle, 2013, p. 71).

UCSC is perceived by its students (customers) as a service provider, since they enroll on the University not only for educational reasons but more, and most importantly, to seek a degree which would give them an economic advantage in the labor market (UCSC market research survey, 2015). HE institutions are more driven by market-based objectives than academic values (Scott, 2002; Collini, 2012) and this has urged the transformation of universities into organizations that need to develop managerial skills and set economic objectives (Deem and Brehony, 2005).

The advent of world rankings of universities has signaled the shift from a student’s choice based on academic values to one influenced by reputation, quality and best placement opportunity on the job market (Kok et al., 2010). In such a new context,

the role of leaders and managers has become more difficult as universities play in a global market defined by competition, in a constant effort to raise the quality and reputation of the institution and develop a variety in their academic offerings while seeking the support of the academia (Jarzabkowski, 2003; Deem and Brehony, 2005). Successful leadership should then adopt a style which falls in line with and is appropriate for the culture and identity of the organization (Lynch, 2009).

UCSC seems to have adopted a top-down approach in its attempt to introduce change management in the institution. The literature on the subject suggests that this approach might be the only one for some organizations to successfully reach the desired result. Nonetheless, any change has to be respectful of the organizational identity (Albert and Whetten, 1985; Whetten, 2006), history and culture of the institution (McRoy and Gibbs, 2009). In fact, most strategies encounter major obstacles in the implementation phase when the need for change is not understood by the organization either for lack of communication or lack of motivation demonstrated by the staff (Lynch, 2009). The top-down approach implies the setting of a number of objectives and sub-targets to manage the change, which may further encourage the administrative component of the university to engage in the change management, however it is less suited to engage the academic community (Caruana and Hanstock, 2008).

The communication campaign led by the leadership has a number of different layers and objectives. The building of a strong understanding of the strategy, and of its underlying principles and priorities within the strategy amongst the key leaders across the university, is a key early priority. This would never be effective if run as top-down communication, since the university needs the leaders to fully understand both the strategy and have a sense of ownership of its development and execution. It is hence important to get early on an active involvement during the development phase. (Marshall, 2007, p. 50)

If not coupled or integrated with other approaches, the strategy may be at risk of failure as it might prevent the organizational community from accepting and from being an active participant in the change process. Aspects such as behavior, identity, culture and attitude would not be influenced by a top down approach (Caruana and Hanstock, 2008; Kok et al., 2010). The impact on the university's

organizational culture can be favored by the introduction of projects aimed at involving the whole community, especially the academia, and support the new work culture, and the challenges it presents, by a reward system (Marshall, 2007). Those projects can also assume a symbolic meaning and be used to tie together the new vision with the existing organizational culture (Caruana and Hanstock, 2008; Denis et al., 1996).

Leadership was deemed to be crucial, with a range of views as to its importance at different stages of the change. The fundamental purpose of leadership, further to providing a vision of what success further to the change would look like, is to deal with the dynamics of change. Bearing in mind the cultural anatomy [...], which will become affected by the change, a range of different forces will be unleashed over the course of the change transition, and these will have to be managed. Thus 'walking the talk'; and visibility are crucial, keeping staff; functioning at one level but hopefully at a higher level, and motivated, even during the lowest ebb of the process. (Marshall, 2007, p. 13)

The external factors (public funding reduction, increase of competition, etc.), no matter what the identity, culture and history of the institution are, steer universities away from a self-referential academic context and lead them toward a more managerial and entrepreneurial style of leadership (Jarzabkowski, 2003; Kok et al., 2010; Shattock, 2003; Jones et al., 2012). In modern universities the decision-making process has become significantly faster in preventing any hesitation or slow reaction which would negatively impact the organization's objectives (Shattock, 2003). This phenomenon, as a consequence, has provoked a shift of power previously held by the academic staff (Kok et al., 2010).

Although UCSC is currently dealing with the tension created by this redistribution of power within the organization, in other national contexts such as in Britain and Australia, this phenomenon has already occurred starting as early as the 80s. The literature on the subject (Handy, 1993; Denis et al., 1996; Goleman, 1996) provides very useful examples of successful management and leadership styles which could be used to mitigate possible tensions within the institution and prevent its leaders from repeating similar errors. The financial problems the University is currently

facing push for the introduction of a centralized decision-making system with a strong control over budget allocation and accountability.

#### *3.5.5. Distributed leadership*

Recent studies conducted in Australia (Marshall, 2007; Jones et al., 2012) have reexamined the concept of 'distributed leadership' for HE institutions (Dinham, Brennan, Collier, Deece and Mulford, 2009; Gronn 2000; 2002; 2003; 2009; Gronn and Hamilton, 2004). Distributed leadership is defined as a new style of leadership through which activities bridge the behaviors of individual leaders, both academic and administrative, by adopting a praxis approach – usually carrying out projects – in concerted action (Gronn, 2002; Jones et al., 2012).

The rationale for the use of such a concept is relevant for the development of the HE sector, which, in the last decades, due to market competition in both research and teaching, and due to a heavier quality assessment process enforced by governments, has solicited stronger managerial approaches to run a university efficiently. Such a change has reduced the autonomy of the academics and has given more power to professionals (administrative) as it met the readjustment needs of the HE institutions – structures and models – and matched those in place at corporate organizations (Szekeres, 2004; Jones et al., 2012). This shift of power has contributed to an increased resentment among the academic staff (Coates et al., 2009). Thus, Jones argues that

for universities to build sustainable leadership a new, more participative and collaborative approach to leadership is needed that acknowledges the individual autonomy that underpins creative and innovative thinking. It proposes a distributed approach to leadership [...] that, while acknowledging traditional leadership focus on the traits, skills and behaviors of individual leaders, encompasses the need to take account of contexts, situations, environments and contingencies in which leadership occurs. (2012, p. 69)

It remains to be seen whether such a conception of leadership can develop and be adopted in a different context, such as the Italian one where the historical legacy together with the endemic problem of academic oligarchy within the HE institutions

(Capano, 2010) might hinder change and form resistance (McRoy and Gibbs, 2009; Jones et al., 2012).

Marshall argues that a distributed leadership approach takes better account than others of the particular challenges of leadership in higher education; it is “not a simple process rather, it is a complex, multifaceted process that must focus on the development of individuals as well as the organisational contexts in which they are called to operate” (2006, p. 5). Thus, leaders attempting to change the organization have to consider different factors in such a new context, such as the need to have a vision, and communicate it efficiently throughout the staff, and secure the academics’ commitment to it (Jones et al., 2012).

The leaders develop a strategy that embraces a more entrepreneurial approach, which requires the same attitude from staff. The studies that focus on the type of leadership and actions that are required to overcome the difficulties implied in a change management process become thus very relevant for my research. Marshall (2007) identifies three different management styles. The first one is based on the definition of a clear structure and process. The feature of this approach is based on central planning; the strategy is articulated in phases, and the progression of the plan relies on projects that set specific objectives. The second is based on a reward system. Compared to the first this approach is better suited to the academic environment when the challenges of management change are directly tied to the faculty’s willingness to adopt a new work culture. The third one is incremental and is built on the successful results of pilot projects which are then disseminated throughout the organization in order to gain support from the larger community.

For the implementation of a successful strategy the literature indicates some key factors for effective leadership. Jarzabkowski argues that a leadership style has to adjust to and be shaped by the culture of the organization and its internal context (2003); a reward system might be more appropriate to obtain the support of the academic staff (Shattock, 2003); the importance of a continuous communication of



the strategy and the distribution of power across different levels of the organization are crucial to steer the university towards a new managerial style (Jones et al., 2012).

“Increasingly, universities are recognising, like their counter- parts in the private sector, that leadership does matter. It is only authentic leaders who are able to make the vision become a reality. This results from engaging followership, who, in turn, deliver meaningful and lasting change. This may, on occasions, require the additional unique piece”(Marshall, 2007, p. 16).

### **3.6 Contributions to the study**

The literature review has examined organizational theories that are relevant to understand the context in which Organizational Identity Theory (Albert and Whetten 1985) developed, and which I have retained as the primary theoretical framework for my research.

The external environment has proven to have a significant impact on the identity of an organization and how it is perceived within and outside the institution. Thus, I explored which factors in HE systems have forced universities to rethink their practices. The relevance of funding in HE and the changing role of the state in a competitive environment have been assessed to understand what forces at play in universities are leading them to engage in strategic management practices, and the need for administrators to adopt a more strategic approach in their operations. The skepticism towards strategic management demonstrated by universities, where the “normative” identity prevails over the “utilitarian” one in most HE institution, has highlighted the important role of leadership in conducting strategic change. The literature review has also looked at the specific context of Italian HE in which the role of the state is paramount in setting the environment in which Italian institutions operate. It also provides researches conducted on cases similar to the one occurring at UCSC allowing me to compare the different findings.

The analysis of the literature has been conducive to giving me a better understanding of the peculiarity of higher education institutions and contextually has helped me define my research questions. In light of the review of the literature presented in this chapter two questions have emerged that will be utilized to investigate organizational identity as my research topic.

The first question pertains to how senior managers perceive organizational identity in a retrenchment phase. The answer to this question is relevant since the literature has shown that most of the tensions that emerge within institutions are directly correlated to diverging interpretations given to the identity of the organization.

The second question asks how organizational identity shapes strategic decisions and whether the discretionary actions taken by the University to overcome challenges are favorably impacting the Italian HE context and whether these actions are sufficient to carry out change.

The literature review has demonstrated the relevance of this research topic as most of the studies tend to focus more on organizational aspects and less on the importance of identity itself in dealing with practical organizational change processes (Stensaker, 2015).

My research contribution to the literature may be relevant as I pull together, thanks to a tool, or matrix borrowed from the Organization Identity Theory framework (Albert and Whetten, 1985), inspired by Whittington (1993) but ultimately modified for the purpose of my case-study, the primary fields of study with regard to the context in which a non-state Italian university operates, namely the role of the state and its funding model within the Italian HE system. Moreover, I consider the influence of the internal and external environment on the choice of governance system adopted by a university and its further implications for the management practices in place and the role of the leadership. In my research, all of these

elements, which have been studied mostly individually and addressed to some extent in the literature on organizational theories, have been assimilated to build a standard of analysis of a university's identity and to explain how the university leaders' understanding of that identity, as a decision-making driver and model for management practices, might influence strategic change.

The next chapter on research design and methodologies will describe how the research questions have been articulated and how the theoretical framework of organizational identity has been utilized to provide the answers.

## **Chapter Four – Research design and methodology**

The purpose of conducting this study is to explore the dynamics of organizational identity in an Italian non-state university. The study contributes to the current body of literature by finding out how organizational identity can play a significant role in issues of strategic management. Its purpose is also to reveal how the identity of an institution influences the prospects for key strategic changes. This chapter explains the rationale behind the research methodology, strategy and design, data collection and the way data would be analyzed.

### **4.1 Research questions**

The core objective of my investigation is to discover and understand UCSC's character (identity) as the primary and essential factor that influences its organizational policies, practices and behaviors. The interest that arose from my observation of the University has led me to define the following research questions:

1. How do senior managers, both academic and administrative, under the current circumstances, perceive the University's identity?
2. How does the perception of the identity shape strategic decisions?

### **4.2 Research strategy and design**

Considering the different perspectives from which the object of my investigation should be analyzed – descriptive, context based and relational – I decided to use a case-study design. The parameters of my research, that is the university identity, the perception that institutional members have of that identity, and the influence that this perception has on the leadership's strategic decisions, are clear and defined. I therefore determined that the case-study was the most effective way to reflect the reality I had observed. In addition, I intended to concentrate on a specific and limited time, that is a period of crisis, that created a tension within the University and increased pressure for change. It is in a period of such pressure and

tension for change that the influences of identity may be more visible. “[A] case study is the study of the particularity and complexity of a single case coming to understand its activity within important circumstances” (Stake 1995, xi). As per my role within the institution, I knew extensively about the Organization but the new phenomenon I was observing within it, namely the creation of two opposing groups among its senior management in dealing with any topic, triggered my curiosity to acquire a better and deeper understanding of the reasons motivating this division. In fact, “a case study method allows investigators to retain the holistic and meaningful characteristics of real-life events – such as individual life cycles, organizational and managerial processes, neighborhood change, international relations, and the maturation of industries” (Yin, 2003, p. 2).

At a very early stage I thought the problem originated from contrasting managerial styles shown by the different leaders. One may describe one of these managerial styles as “old,” as presented by those managers that have been around the longest and have greater institutional knowledge, as opposed to the “newer” or “younger” who are less affected by institutional memory (Keller, 1983; Deem and al., 2007; Teelken, 2012); or perhaps the distinction could be made between those who have been appointed the longest, and have thus acquired a status of “seniority” versus those who have only had short-term appointments. I found however that my categorization did not account for the colleagues who did not match either the “old/new management style” or the “long/short appointment” types but diverged from the discourse for other reasons that I could not at first hand explain.

The purpose of my case is mainly explanatory. “[The] ‘how’ and ‘why’ questions are more explanatory and likely to lead to the use of case studies, histories, and experiments as the preferred research strategy. This is because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidence” (Yin, 2003, p. 6).

As a practitioner I approached the body of literature with the conviction that not much could have been found to answer my research questions, and that the situation occurring at my institution would not have coincided with any other similar event reported in previous research. The reality proved to be the opposite as I encountered during my analysis of the literature a theoretical construct developed by two scholars Albert and Whetten in 1985, known as 'Organizational Identity Theory', which I decided to use as the framework for my research. I came to the positive realization that I was not treading new ground as this discovery proved that "[t]here are more things in Heaven and Earth, Horatio, than are dreamt of in your philosophy" (W. Shakespeare, Hamlet, Act 1, Scene 5). Since this theory presents a number of similarities with the object I was focusing on, I decided to adopt it with the assumption that this framework might shed some light on the situation occurring at the University.

A case-study methodology is a powerful tool to manage multiple sources for collecting data. In developing my research strategy and design, since the aim was to study the University's identity as perceived by its members, I had to consider multiple sources of evidence to allow events and behaviors, as well as the properties of the institution itself, to emerge from the account. "[T]he most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry" (Yin, 2003, p. 98).

Given my insider role at the Institution, which provided easy access to documents and having directly benefited from the attendance of meetings and participation in the organizational life of the University, I had to decide which of the six suggested sources I wanted to use for gathering information and building the case-study: documentation, archival records, interviews, direct observations, participant observation, physical artifacts (Yin, 2003).

I chose the means of interviews, as I was looking for members' perception of institutional identity, as a possible explanation for the internal tension within the

University, and documentary analysis for revealing the main aspects that characterize the organizational identity of the institution.

I also considered the use of other research tools, such as surveys or questionnaires. However, they would not have supported the construction of reality I was seeking. I wanted the concept of organizational identity to emerge from the University's members' accounts and descriptions, not as a means to solve a problem, nor for claiming generalization and/or representation of the case-study, but rather solely as a means to understand and explain the dynamics that were at work at the University. Interviews are "a very good way of accessing people's perceptions, meanings, definitions of situations and constructions of reality. It is also one of the most powerful ways we have of understanding others" (Punch, 1998, pp. 174-175).

Given my immersion in the University and the in-depth understanding of the environment, the approach would be ethnographic. By way of this approach ethnographers aim to "get right into the centre of the cultures with which they worked by becoming members of those cultures. They would actually live with the people and try to understand their culture from within" (Thomas, 2011, p. 125). I built the account attempting to discover the members' perception of identity of the Institution with an interpretive-constructivist epistemological perspective, since "interpretivists say that there is no 'objective' social world 'out there'. Rather, it is constructed differently by each person in each situation they face" (Thomas, 2011, p. 51). I had accepted the organizational members' view as the reality to explain and unfold using a realist ontology, since our "knowledge of the real world is inevitably interpretative and provisional rather than straightforwardly representational" (Frazer and Lacey, 1993, p. 182).

The research questions outlined previously were critical in defining the boundaries of the case-study. "We can define a case as a phenomenon of some sort occurring in a bounded context" (Punch, 1998, p. 152). First, I knew I aimed to know something about my work environment, and this, limited to a given moment in

time. Secondly, what I wanted to know about the said context was specifically restricted to its organizational identity features, as defined in the literature. To do so I created a diagnostic diagram for sorting and analyzing the data. And finally, the selection of respondents delineated the last border around my case since my interest started with the direct observation of a continuous disagreement between my colleagues in referring to “who we are”, which could in turn have a direct impact on the University’s strategic future direction.

The boundaries helped me define the scope of the analysis and contributed to the drafting of a first set of questions following the diagnostic matrix drawn from the literature on organizational identity. “Different types of interviews have different strengths and weaknesses, and different purposes in research. The type of interview selected should therefore be aligned with the strategy, purposes and research questions” (Punch, 1998, p. 176). I felt that a semi-structured interview of open-ended questions, which are considered more appropriate for accessing various stories or narratives through which people describe their world (Holstein and Gubrium, 1995; Silverman, 2005), would have been ideal to uncover my colleagues’ organizational identity perception of the University. Although my relationship with them changed from being a colleague to becoming a researcher, I aimed at creating a setting during the interview where they could tell me their stories with no imposition originating from my new role – “talk with you” is less threatening than “interview you” (Weinberg, 1996) – and let them recount their experiences in the most possible natural way (Jones, 1985). I therefore considered most appropriate running a one-to-one semi-structured interview with the University’s senior managers in the form of a conversation. The questions used during the interviews were inspired by the body of literature. The latter was also a reference for developing a diagnostic diagram (Figure 3.1) for the analysis and organization of the data through a coding system.



### 4.3 Pilot case-study

Given the complexity of the institution (e.g. during the period of analysis there was no legal, financial and economical distinction between the University and its Hospital) and my concern regarding the limitations in clearly defining the boundaries of the case, I made the decision to conduct a pilot case-study to verify whether a clear line could have been drawn between the two – the University and the Hospital; and contextually assess the research design I had chosen. “Thus, the pilot data [provides] considerable insight into the basic issues being studied. This information [is] run in parallel with an ongoing review of relevant literature, so that the final research design [is] informed both by prevailing theories and by a fresh set of empirical observations” (Yin, 2003, p. 80).

During the “data reduction” phase (Miles and Huberman, 1984), when constructing the account with the information collected in the interviews, the issue became obvious. “The researcher needs to identify and describe the boundaries of the case as clearly as possible” (Punch, 1998, p. 153). Although, I had made a first attempt to include the Hospital and thus enlarge the boundaries of the case, I opted not to pursue this approach as this would have altered the scope and objective of my research. Indeed it would have required to include an additional parameter of analysis, that is in this particular case ‘health’, which is quite distinctive both in nature and as object of study in the literature. I was in fact able to find a significant distinction between the educational and the health area of the Organization by using the information I gathered from the reports issued by the University’s Strategic Planning Committee (documentary analysis), which treats the two as separate entities. As a consequence, I was able to clearly define the boundaries of the case limiting the study to the educational area of the Organization (Silvermann, 2005). “Identifying what the case is a case of is also important in determining the unit of analysis, an important idea in the analysis of data” (Punch, 1998, p. 153).

After conducting the pilot case-study I was able to reconsider the research design and the field procedures I had utilized in my pilot and reflect on the aspects that I

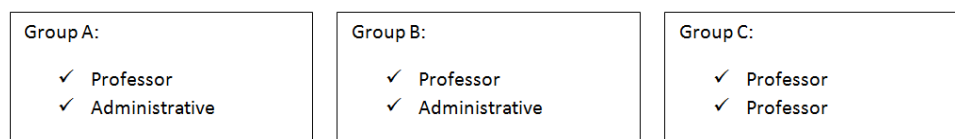
would modify for my thesis. “The pilot case study report should be explicit about the lessons learned for both research design and field procedures” (Yin, 2003, p. 80).

I reported in this chapter the result of the pilot and consequently the changes I made to both the research design and field procedures to build my research. “The pilot case is more formative, assisting [one] to develop relevant lines of questions – possibly even providing some conceptual clarification for the research design as well. [...] The pilot will help [...] to refine [the] data collection plans with respect to both the content of the data and the procedures to be followed” (Yin, 2003, p. 79).

#### *4.3.1 Sample selection*

In identifying respondents for the interviews, I took advantage of my unique knowledge of the context. My regular participation in University meetings and committees, where I observed disagreements deriving from almost every topic implying a decision to be made, provided me with useful indicators for defining the size and the characteristics of the sample. In fact, the strained and heated dynamic during the encounters was occurring with a certain degree of regularity revealing among the senior University managers present two distinctive opposing “factions”, with the presence of a third silent and seemingly passive group. I therefore decided it was necessary to have each group represented by two respondents, for a total of six (Figure 4.1). The sample used for the pilot case-study included both academic and administrative leaders, divided as follows:

**Figure 4.1 - Sample distribution in three groups**

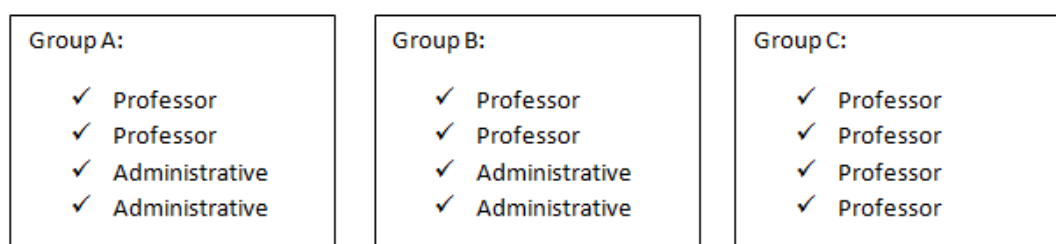


I wanted to include Group C, the “silent” one, in the sample as the silence of the colleagues could have been interpreted more as a sign of shyness and discretion than a lack of interest in getting involved in the discussion. I could not place anyone

from the top administrative management in the silent group. Both genders were represented with a predominance of men (four) to women (two), one of which was not Italian.

In the course of data analysis for the pilot, during which I tried to extract notions of “organizational identity” as perceived by senior managers, I noticed that another pattern stemmed occasionally from the accounts. There was indeed a tendency on the part of the respondents to associate notions of “utilitarian identity” with that of efficiency, and in contrast those of the “normative” type with bureaucracy and therefore inefficiency. “As new factors emerge [one] may want to increase [the] sample in order to say more about them” (Silverman, 2005, p. 133). In fact, where the sample of six respondents might have been “sufficient” to represent the different orientations of senior managers towards a perceived organizational identity in the University, it would not be enough to track this new phenomenon “at work”. As a consequence, I decided to enlarge the sample to twelve subjects. This allowed me to maintain the division into three groups (Fig. 4.2), and at the same time provided greater representation among the leadership to investigate the new pattern.

**Figure 4.2 - New sample distribution**



Interviewees were selected from the Strategic Planning Committee of the University, where most of the discussions on the future of the institution took place and divergence of opinions surfaced from a polite well-posed academic language. Thus, similarities in and diversity of views among the leaderships were used to further define the three groups and select the twelve (12) interviewees. Both

academic and administrative senior leaders were represented, although as in the previous sample (pilot case-study), no administrative staff could be placed in the third group. The sample was made of nine (9) men and three (3) women. All of them are Italian (the non-Italian University leader interviewed in the pilot case-study retired and was substituted by an Italian faculty member). Finally, limitations of time and resources were objective and natural constraints to the size of the sample.

#### **4.4 Data collection**

The interviews took place in June and July 2015 whereas the documentary analysis was conducted during different times and phases of the process: at the beginning of the investigation the documentary analysis served to enrich my knowledge of the context with historical information of which I was not aware; later it proved useful during the interviews for cross-checking information collected from the respondents; and at the final stage it was utilized to validate the accounts.

##### *4.4.1 Interviews*

###### *4.4.1.1 Note taking*

In the pilot case-study, due to the sensitive nature of the information that could have been revealed during the interviews for the pilot, with unpredictable consequences on the relationship between organizational members, and to not discourage respondents from sharing genuine thoughts, I made an early decision not to utilize a recording device. I took instead extensive notes. "It may be well that the situation dictates the recording method. [...] The various possibilities need to be assessed in relation to the practical constraints of the situation, the cooperation and the approval of the respondent, and the type of interview selected" (Punch, 1998, pp. 181-182). Knowing that the literature on this aspect suggested the opposite (Patton, 1980; Lincon and Guba, 1985; Seidman, 1991), I grounded my choice not on the respondents' disapproval to be recorded, but on my personal assessment of the situation's practical constraints. Since the interviews were run in

Italian, notes and transcriptions are in the same language. Only in a later phase, when coding, did I translate them into English.

#### *4.4.1.2 Recording*

Denzin and Lincoln refer to the interview as a conversation, that is “the art of asking questions and listening” (1994, p. 353). After the pilot, I recognized the truth of this statement. In fact, during the interviews I noticed that it was difficult to follow the conversation and take at the same time extensive meaningful notes. This became more evident during the transcription phase. Although done on the same day I felt as if my notes were not completely and truly rendering the richness of the responses. I feared that for the epistemological approach utilized, that is interpretive-constructivist, not only is every single word of importance but also the intonation with which a word is said may be of great relevance for making sense of the narrative. As expressed by Glassner and Loughlin I was concerned that I might not fully see “the world from the perspective of [the] subjects” (1987, p. 37).

Therefore, I decided that for my research thesis I would have digitally recorded interviews to preserve the natural occurrence of the interaction and have at the same time the opportunity to return at a later stage to my data in its original form (Silverman, 2005). Furthermore, to overcome the possible reluctance of respondents in revealing sensitive information if recorded, I relied on the ethnographic nature of my research, which due to my immersion in the same environment I share with the respondents, would have allowed me to “fill the gaps” and make sense of the accounts. “We are ethnographic observers when we are attending to the cultural context of the behavior we are engaging in or observing, and when we are looking for those mutually understood sets of expectations and explanations that enable us to interpret what is occurring and what meaning are probably being attributed by others present” (Wolcott, 1988, p. 193).

Between the end of May and the beginning of June 2015, I first approached the potential interviewees by phone (or in person) and sent them an email to schedule the interviews only after receiving their verbal acceptance to be part of the sample. The email contained a research information sheet with the title and the scope of the research and included also the research questions and the methodology through which data would have been collected (Annex 1).

The respondents' offices were the sites chosen for conducting interviews, which lasted an average of seventy-five minutes each. Three had to be interrupted half way for unplanned meetings, but were rescheduled: one in the evening of the same day and two the day after the appointment. I planned to run only one interview per day, with the assumption that the transcription process would have helped me review the content, make better sense of it, as well as improve my ability to conduct subsequent interviews.

The colloquial format I meant to set for the interviews started with a request made from almost each respondent, with the exclusion of four who already knew about my doctoral study, to tell them more about it. Thus, it was easy to move the conversation from that introductory stage to presenting the research objectives and the scope of the investigation. I made an early decision to disclose to the individual interviewees the names of the other respondents only if explicitly requested and do so only at the end of the interview. This was meant to mitigate the risk that prejudices against other colleagues in the sample would have somehow interfered with the respondents' narratives.

Although I knew precisely each respondent's institutional role, I started each interview with a request of a brief description as I still needed to obtain the respondents' own perception of their role within the institution. The interview then focused more on the difficult time the institution was going through with an emphasis on whether the challenge would represent an opportunity – rather than a threat – for the University.

The questions I prepared (Annex 2), using an ethnographic approach with “the desire to understand rather than explain” (Fontana and Frey, 1994, p. 366), encouraged respondents to talk about identity issues in a very focused way. I did not assume they would have known the theoretical distinction between ‘utilitarian’ and ‘normative’ identity; in fact they did not. Nevertheless, they provided an enormous amount of information comparing the University to an enterprise or rather differentiating it from a business, describing it in such terms that the theoretical framework I adopted would have qualified as the “distinguishing organizational attributes for the conceptual domain (identity claims)” and the “central and enduring organizational attributes” (Whetten, 2006, p. 222).

For each question, I also prepared a number of prompts, mainly for keeping the conversation alive, based on the coding system I had developed. “Prompts are as important as the questions themselves in semi-structured interviews. Prompts do two things: they keep people talking and they rescue you when responses turn to mush” (Leech, 2002, p. 667).

I tried not to influence responses and let respondents construct their narratives freely for two reasons: first, the understanding of the context allowed me to “connect the dots” when implicit references were made; and second, although semi-structured with open-ended questions, these interviews would be regarded as “unstructured” in the sense that the wording and the order of the questions to be asked were not pre-determined. Thus, similar to unstructured interviews, I had to ask questions based on both the context and the conversation flow (Minichiello et al., 1990) in the attempt to understand the complex behavior of the respondent rather than imposing any *a priori* categorization that would have limited the field of inquiry (Fontana and Frey, 1994).

The interviews were digitally recorded by a Samsung Galaxy S5 and stored in a mp4 file format. A written consent from each interviewee was obtained (Annex 3). The

interviews were run and transcribed in Italian. I opted not to fully translate them in English but only those quotations utilized in the coding process and selected later to construct the account. I grounded my choice on the fact that the language through which the interview was conducted was very important to retain the real meaning of what was said (Woofitt, 1996). In fact, “the meaning of words derives largely from their use, and the language is a central feature of the socio-cultural situation in which it is used, not merely a system of symbols to represent the word ‘out there’” (Punch, 1998, p. 183). I thought that working on the translation would have altered the richness of the content with the risk of invalidating the data that would have helped me understand the complexity of the dynamics at work. Moreover, although I write in English, my mother-tongue is Italian. My modest knowledge of the foreign language, if working on translations only, might have become a constraint. “Language is obviously central in qualitative research, with data primarily in the form of words. Talk is the primary medium of social interaction, and language is the material from which qualitative social research is constructed” (Punch, 1998, p. 183).

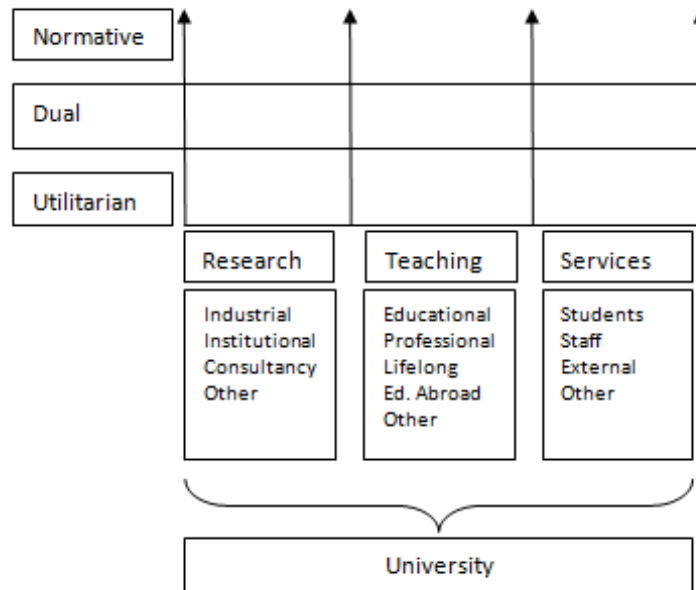
#### **4.5 Coding**

The information I gathered from respondents was sorted in a diagram developed from the model used in the Organizational Identity Theory (Figure 3.1) to represent “several hypothetical paths of identity change (or lack of change) that may take place over the organizational life cycle” (Albert and Whetten, 1985, p. 275).

In my variation (Figure 4.3), I meant to take a snapshot of a given moment in time (retrenchment); I placed on the horizontal axis the areas of investigation (research, teaching and services), which make “the primary and universal functions of an institution of higher education” (Knight, 1993, p. 21), against “the several hypothetical paths of identity change” (utilitarian, dual and normative), on the vertical axis.



**Figure 4.3 - Diagnostic diagram**



The diagnostic diagram was used to represent the path of the University's organizational identity, or more precisely the tendency for each of its function to be placed at the bottom (utilitarian) or towards the end (normative) with an intermediate area in which the dual identity is located. This was revealed by carrying out the analysis of the University using the Extended Metaphor Analysis (EMA), that is a method for characterizing an organization as either normative or utilitarian (Albert and Whetten, 1985). The diagram was designed to define the structure of the interview at an early stage, and later as a coding system for data and story analysis.

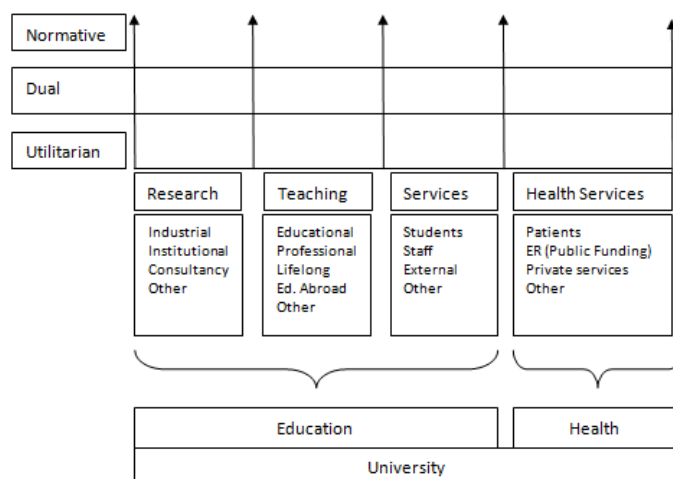
#### **4.6 Analyzing data for the pilot case-study**

I have to admit that I found the process of analyzing data more difficult and complex than expected. I thought that the coding system I had developed would have made this task a simple insertion of information in the diagnostic diagram leading easily to conclusions. Instead, before proceeding with the coding I had to perform an early stage of analysis and most importantly an interpretation of the data. Miles and Huberman define this process as "data reduction" (1984, p. 21). They raised the issue referring to the difference between quantitative and

qualitative analysis. The former mainly deals with numbers, whereas the latter with words. The difficulty is to convert words into data for analysis. In fact, after cleaning the accounts of repetitions and redundancies, I still had to deal with the fact that some data, while conducting “data display” (1984, p. 21), was requiring the creation of new codes, which did not fit in my original system. “Ethnography research has a characteristic ‘funnel’ structure, being progressively focused over its course” (Hammersley and Atkinson, 1983, p. 175).

I attempted to slightly modify the diagnostic diagram (Figure 4.4) to serve the purpose of making sense of a pattern (Atkinson, 1992) that had been emerging over the interviews which found confirmation in the documentary analysis (e.g. the financial sheets). It turned out that the “retrenchement” phase of the institution depended principally, although not completely, on the negative economic performances of the Hospital located in Rome (Policlinico Agostino Gemelli), which not only belonged to the University at the time of analysis but was also legally, economically and financially embedded in the institution. I therefore tried to make a new diagnostic diagram as follows:

**Figure 4.4 - Modified diagnostic diagram**



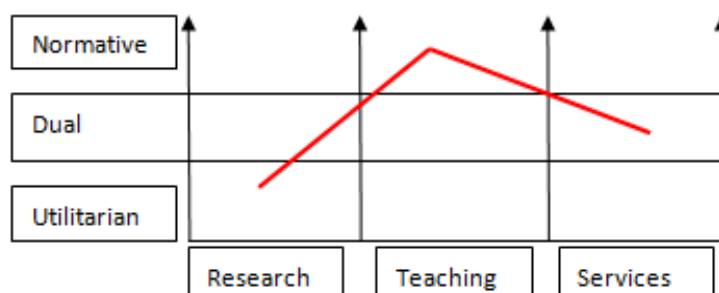
I decided not to use the diagram for three reasons: first, it would have expanded enormously the boundaries of the case-study; second, as consequence, the scope

and objectives of the investigation would have been heavily compromised; and third, I could still have made sense of my construct by referring only to the “educational area” of the University, omitting the health one (this was also confirmed by the documentary analysis of the strategic plan, since the Hospital’s strategy was not included and was treated separately from the University’s). I realized that the new “avenue” emerging from “the process of selecting, focusing, simplifying, abstracting and transforming [...] raw data and then assembling data into the diagram” (Miles and Huberman, 1982, p. 21) could have been treated on its own and represent a new but certainly different case-study. This development was expected and confirmed the need to conduct a pilot.

#### 4.7 Data analysis

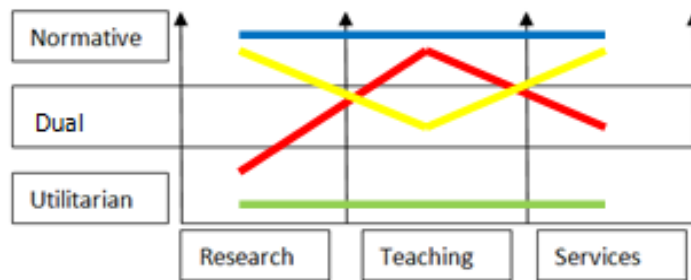
The information was organized in a table together with the relevant respondents’ answers. The table was drawn up representing the three primary functions – research, teaching and services – of the University with sub-groups (e.g. for teaching: institutional programs which include undergraduate degree programs, Master’s programs, professional, lifelong learning, etc.) placed vertically, and the respondents’ answers listed next to each item. Once the table was drawn, I inserted the answers in the diagnostic diagram on which a tendency line would have been generated for each respondent’s perceptions of the Institution’s organizational identity (Figure 4.5).

**Figure 4.5 - Example of a simplified diagnostic diagram for one respondent**



The answers from each respondent were aggregated and placed on one single diagram (Figure 4.6) that generated the six emerging patterns.

**Figure 4.6 - Example of a simplified diagnostic matrix for 4 respondents**



Having considered all answers, each respondent's account produced for each primary function of the University – research, teaching and services – multiple sub-patterns (e.g. within teaching educational programs are seen more as a “normative identity” activity, whereas lifelong learning programs placed lower in the “utilitarian identity” area of the diagram).

Assembling and showing data in this way was useful for catching “at first glance” different members' perceptions of the organizational identity, which would have been used later for constructing the account and drawing conclusions which should help answer my research questions.

#### **4.8 The emerging pattern**

During the analysis of information gathered from the interviews, another pattern emerged – efficiency versus bureaucracy in the organization's management – which suggested the need to expand the review of the body of literature. “These considerations mean that the bulk of [the] reading is usually best done in and around [the] data collection and analysis. In the end, this will save [...] the time involved in drafting [the] literature review chapter before [one] can know which literature will be most relevant to [one's] treatment of [the] topic” (Silverman, 2005, p. 299). In fact, the emergence of the new pattern has led to the consideration of scientific studies on subjects such as strategic management (Kanter

et al., 1992; Weil, 1994; Slowey, 1995; Dawson, 1996; Kotter, 1996; Shattock, 2003; Pennington, 2003; Bridges, 2005; Marshall, 2007; Lynch, 2009; De Wit and Mayer, 2010; Teece, 2012) , funding of higher education (Joenbloed et al., 2010; Gibb et al., 2013; Enders et al., 2013) and leadership (Bennis and Nanus, 1985; Middlehurst, 1993; Jarzabkowski, 2003; Marshall, 2006; David, 2009; Rowe and Guerrero, 2011; Jones et al., 2012).

In addition, I referred to studies that provide the context in which these specific economic ideological principles flourished within higher education since the late 80s, that is the Neoliberalism doctrine (Olsen and Peters, 2007). Neoliberalism contextualized the crisis UCSC was facing. Indeed, in this “new reality”, universities that once relied heavily on public funding have now become accountable towards not only the state but also external stakeholders, both public and private, for the allocation of these funds based on performance and competition (Vaira, 2004; Aghion et al., 2008). Therefore, in order to provide the necessary financial provision to support their development, universities needed to generate income by adopting entrepreneurial practices borrowed from the business sector (Sporn, 1999; Vaira, 2004). The new pattern had also established a connection between “organizational identity” – normative and utilitarian – and the adoption of new “managerial practices” – bureaucracy and efficiency – in higher education, which would further contribute to the debate on how such principles based on economic rationality have altered the institutional organizational structure of higher education institutions (Sporn, 1999).

#### **4.9 Constructing the account**

After reviewing the literature on strategic management I recognized the importance of elaborating further the diagram (Figure 4.3) I adapted from the Organizational Identity Theory (Albert and Whetten, 1985). In fact, clear institutional patterns surfaced from the respondents’ accounts each worthy of consideration. The purpose was to develop a diagram that could have included all relevant information discovered during the interviews. For instance, during the first level of analysis I

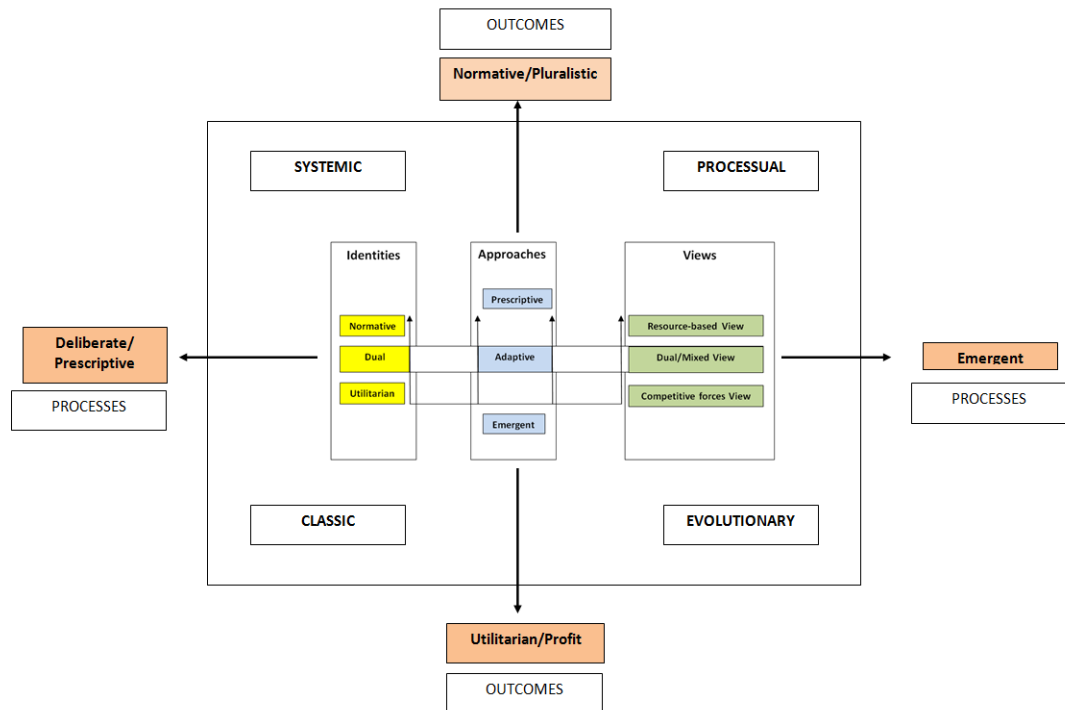
noticed that a number of recurring themes could have been associated to the different strategic views that I found in the literature (e.g. resource-based view versus competitive-forces view) and that there was a correlation in the narratives between organizational identities and views.

I also noticed that a number of senior managers, with varying views, made claims as to what they conceived as the most appropriate way to carry out a strategic process within a university such as UCSC. Thus it was not difficult to classify those observations within what the literature define as diverse approaches to strategic management.

Another recurring comment expressed by some respondents was criticism towards some of the University top leaders because the former perceived that the process in strategic change was imposed by the top without recognizing the best practices that already existed at the bottom of the Organization that had proven to be efficient. Alternately others perceived that the process was too 'loose', thus running the risk of not sustaining consistent progress towards the final goal. This drew my attention to a possible correlation between organizational identities and the type of strategic management process adopted in organizations as classified by Whittington (1993) (Figure 3.22).

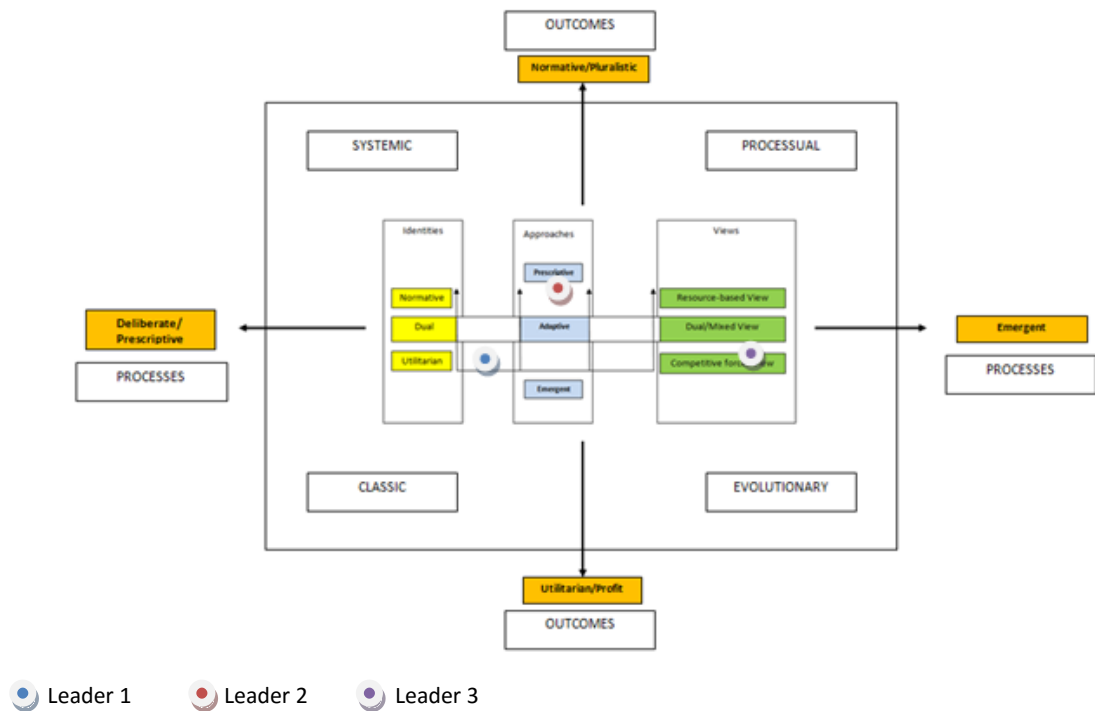
The different topics addressed by the respondents associated with themes found in the literature contributed to my developing a new diagnostic diagram (Figure 3.24) within which each information extracted from the interviews, once sorted by topic, was positioned into the diagram.

**Figure 3.24 - Diagnostic Diagram adapted from the Organizational Identity Theory (Albert and Whetten, 1985) integrated with the Whittington Matrix (1993)**



Treating the data by taking into account the new patterns generate a diagram that recognizes the occurrences and importance of recurring topics under different codes (e.g. organizational identity, strategic management views, approaches, processes). Thus clear patterns, positions and anecdotal stories found a place on the diagram and helped me shape the account in terms of UCSC leaders' views, individual or collective understanding of the peculiar situation occurring at the University. I made use of the data collected to represent each respondent's account as faithfully as I could (Figure 4.7).

**Figure 4.7 - Example of 3 respondent's perception on research placed on the diagnostic diagram**



As an example I placed on the Diagnostic Matrix the perception of three respondents regarding research and how they believe it should be conceived and treated in a HE institution:

Leader 1 thinks that research should be a profitable activity (utilitarian); strategy should have a top down approach/process with clearly defined objectives (classic quadrant). In the respondent's opinion, research, as part of the University strategy, should be driven by external competition (competitive forces view).

Leader 2 believes that, in a university, research should be at the service of the ideological view that drives the institution (normative). Strategy ought to comply with the university's values (systemic quadrant) rather than with the market, and should therefore invest more on and develop further its internal resources (resource-based view).



Leader 3, just like Leader 1, assumes that research is a profitable activity (utilitarian) but he/she does not believe in a long-term strategy since the market is under ongoing change. Leader 3 wants more freedom to be given to faculties and departments that are, also according to Leader 1, the only units able to provide flexibility and adjust constantly to market changes (evolutionary quadrant). Leader 3 shares the same competitive view as Leader 1.

The new diagram demonstrated to be particularly helpful to visualize the different views within the group of respondents. Divergences and agreements in the identity's perception, as well as how these perceptions shape strategic decisions, became even clearer and generated useful information in order to draw conclusions for my study.

#### **4.10 Documentary analysis**

##### *4.10.1 Phase 1*

At an early stage, when the field of inquiry became clear, I gathered information from the analysis of the history of the Institution since its inception compiled by Cova (2007). The latter's work and further consultation of the latest speeches given by the University rectors (2007 -2015) for the academic year inaugurations were used to provide evidence of the central, enduring and distinctive features of the institution's organizational identity (Albert and Whetten, 1985; Whetten, 2006). Later, they would have served for corroborating the data collected from the interviews (Yin, 2003).

##### *4.10.2 Phase 2*

While planning the interviews and defining the questions that would be used, I found it useful to verify the assumption based on which I would have designed my diagnostic diagram. To validate the identified "retrenchment" status of the University, I used the balance sheets and various reports that were also made public

(e.g. student enrolment statistics) and other sources such as press releases<sup>3</sup>. When transcribing the interviews and analyzing the documentary evidence, such as minutes, reports, and emails, it proved to be extremely important to cross-check actions and behaviors emerging from the accounts (Yin, 2003). Another important source was the institutional strategic plan. The Institution started the development of the plan covering the subsequent five years (2015-2019) in early 2014. The interviews were conducted while the plan was still in progress, however the SWOT analysis phase of the institutional strategic plan had been completed. This proved extremely useful to obtain detailed and in-depth aspects of the University's primary function areas (teaching, research and services). The SWOT analysis findings were further used to check the consistency between the respondents' vision of the future and issues related to the institution's organizational identity.

#### *4.10.3 Phase 3*

Finally, this source of evidence and the connections I could establish with the information the interview had revealed, served to support the construct validity and its reliability (Yin, 2003). "The most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry, a process of triangulation" (Yin, 2003, p. 98). Actually, the triangulation process had been used not just for comparing different findings but, at any time of the analysis, it demonstrated its utility as another way, or a different angle, of looking at the object of investigation (Silverman, 2005).

#### **4.11 Limitations of the research design**

At this stage I also realized that more could have been done to improve my research design and to consequently enrich the possible findings of my research. In fact, I became aware that the focus of my research was narrow in terms of unit of analysis: I was trying to answer my research questions considering only few respondents (senior managers) within a limited time-frame. Furthermore, the

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<sup>3</sup> Italian newspapers - La Repubblica and Il Corriere della Sera - in 2012 and 2013 had given great relevance to the financial crisis of the university.

theoretical construct – Organizational Identity Theory – chosen to expose the organizational identity of the University opened a larger number of research avenues worth further exploration, rather than providing clear and precise conclusions.

Nevertheless, although organizational identity does not solely reside at its leadership level, I made an early choice to focus only on senior managers and not on other staff members for two reasons: firstly, it was their perception of organizational identity that I wanted to investigate; and secondly, it would have been their perceived “reality” – their conception and construct of the organizational context in a given time, that would have led them, and no one else, to make strategic decisions for the University. This was coherent with the epistemological approach taken, interpretive-constructivist, which also suggests avoiding the use of questionnaires or surveys, as both tools are considered more appropriate for collecting “a quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that population” (Creswell, 2003, p. 153).

The consistency of their accounts was controlled by referring to “documentation” (Yin, 2003, p. 85) as another source of evidence. This activity was facilitated by my full access to minutes of meetings, reports and communications that were circulating within the institution.

I discovered that the organizational identity of an institution is a broader concept than the one built on members’ perception only, as it also includes the properties of the organization as a whole – “as a set of specifications for organizational identity claims (conceptual domain: what) and associated identity-referencing and revealing discourse (phenomenological domain: how, when, why)” (Whetten, 2006, p. 221). For drawing a comprehensive picture of the University’s organizational identity, I should have considered additional sources of evidence (e.g. physical artifacts, etc.). However, given the scope and limitations of the DBA thesis I attempted to not stray

from the borders defined by the case-study since this would have led me to enter new “territories” each worthy of further in-depth exploration.

#### **4.12 Process of triangulation**

I focused the analysis of my findings on and kept the study accountable to the questions asked by specifying operational events that had constituted change in the Institution (Yin, 2003), namely the formation of two opposing groups among managers debating identity issues, while trying to make important decisions for the University. This event consequently defined the focus of my study on the identity of the organization as perceived by its members.

Since a case-study design bases its strength on the use of multiple sources of evidence (Yin, 2003), I selected interviews and documentary analysis as the primary sources that would have demonstrated, in the case of the former how members conceived the University’s identity, and in the latter what identity claims could have been found in the “properties” of the institution. I also sought to ensure the validity of the research by comparing and measuring findings against the standards pertaining to the institutional organizational identity, as identified in the literature review, namely “the claimed central character”, “distinctiveness”, and “temporal continuity” (Albert and Whetten, 1985). In fact, the construct validity required that events or data be confirmed by more than one single source of evidence (process of triangulation).

“Critics typically state that single cases offer a poor basis for generalizing” (Yin, 2003, p. 37), I overcame this problem by using a single case-study for assessing a theoretical framework – organizational identity. Since data gathering defined the process, I looked for recurring elements and patterns that reaffirmed possible explanations as shaped by the adopted theoretical framework.

This process is called “pattern matching” (Trochim, 1985), which allows to connect data to theory when using an explanatory case-study. In other words, although it

was not possible to conclude from the findings of this case-study that tension within every institution depends on the difference in identity perception of its members; I could conclude that when an organization faces a “fork in the road” decision, identity issues, as theorized by Albert and Whetten (1985) are likely to emerge.

#### **4.13 Role of insider and researcher**

I was aware that, as in insider, it would have been difficult to be completely objective (Schein, 1992). Although I tried to develop as much self-detachment as possible, being deeply immersed in the environment could have affected the research design with the risk of producing distortions. I had to consider the fact that being a researcher as well as a staff member of the institution selected for the case-study could have prevented the interviewees from being at ease in sharing their genuine thoughts with me. This problem did not materialize as, by the time I approached them for the interviews, the interviewees’ views, due to the lively discussions they took part in during the Strategic Planning Committee meetings set by the University, had already been clearly disclosed and were therefore known at the Institution.

I decided early on that in order to overcome a bounded reality I had to adopt an ethnographic approach for the unique opportunity to exploit the practical knowledge of the context offered by my internal role; “if one is really to understand a group of people, one must engage in an extended period of observation” (Silvermann, 2005, p. 49).

In fact, an ethnographic approach requires “immersion in a culture over a period of years, based on learning the language and participating in social events” (Silvermann, 2005, p. 49) with members of a society/community. Members of an organization have the tendency to be more self-protective and less critical about their organization in public than they are in private. Although the public identity might present dissimilarities with the private one, it never gets to a point of

becoming something else, otherwise the organization collapses (Albert and Whetten, 1985).

Thus, it is reasonable to assume that my position and role as both researcher and staff, and my prior knowledge of the context, have impacted the process of data collection and the subsequent interpretation of that data in three ways: it contributed to the respondents' willingness to participate in the interview and their unreserved sharing of their accounts and stories, and facilitated my access to internal documents.

#### **4.14 Ethical issues**

The request to conduct the study was submitted to the School of Management of the University of Bath in January 2015. All the potential ethical implications in the research undertaken were described and an account on how each issue would have been managed was provided. Approval was granted that same month.

When I first started elaborating possible research topics regarding my University, I requested from the Rector, and later the General Manager, the authorization to investigate the Institution, including having access to financial data, which I obtained from both. For the purpose of this study and due to a later change at the top managerial level positions, namely the Rector and the General Manager, I was required to obtain the authorization to conduct my research on the Institution first informally – over conversations – and later as per their request, via a formal communication. In the e-mail I briefly described my research topic and the aim of the interviews (Annex 4).

Subsequently, I identified and contacted the informants in person or via phone to set the interviews. Upon acceptance to be part of the sample, the interviewees were informed about the research content and the purpose of the interviews via email (Annex 1).

The use of a single case-study would have made it possible to identify the role and names of potential interviewees. In order to overcome this problem each senior manager was given an identification number or code (e.g. leader 1, leader 2, etc.) with no correlation between the number utilized (e.g. 1, 2, 3, etc.) and his/her role within the hierarchy of the Institution. Thus, the Rector, the highest position, could be coded with any number between one and twelve.

I guaranteed to those who granted me permission to pursue research about the Institution that the data would have been collected and used solely for research purposes and that the information on the respondents' identities, names and titles, would not be revealed. Research information sheets were sent to all interviewees prior to the interview and each one was asked to sign an interview consent form (Annex 3). All informants complied with this request.

Since it would have been easy to identify the Institution, for its unique features and status within the national context, and not having been given expressed request to keep the Institution anonymous, I decided to disclose the name openly for the purpose of the study. The Rector and the General Manager agreed, in the case I decided to publish my research, to grant consent for publication upon further formal and written request.

Finally, I addressed in the design of the study the issue of subjectivity that is my double role as 'player' in the change process of the University and researcher and described how I managed this aspect through the methodology.

## **Chapter Five – Research findings (1)**

I have structured chapters Five and Six around my key findings, each one referring to the specific data and source(s) used (e.g. interviews, documentary analysis, etc.). I then describe my process of data analysis (Yin, 2003; Creswell, 2003) and the coding system utilized. I provide at the conclusion of Chapter Six a data display (Table 6.3) as suggested by Miles and Huberman (1984) to support my narrative (Punch, 1998).

Chapter Five addresses my first research question, ‘how do senior managers, both academic and administrative, under the current circumstances, perceive the University’s identity?’. In fact, my first finding defines the identity of UCSC as constructed by the perception of its leaders: the twelve leaders are identified by using the acronym “L” followed by a number (e.g. 1,2,3, etc.), for example ‘L1’ refers to Leader 1.

My second finding (#2) provides evidence of the existence of a dual identity within UCSC as found in the accounts collected from the leaders that I interviewed.

Finding #3 describes UCSC’s leaders’ perception of each primary function of the institution, which are research, teaching and services.

And finding #4 focuses on the issue of accountability, that is the way UCSC leaders see accountability, and most importantly to what stakeholders the University should be accountable.

The findings related to my second question – ‘how does the perception of the identity shape strategic decisions?’ – will be addressed in the next chapter.

In order to ensure the external validity of the findings, I decided to engage with the Organizational Identity Theory in a process of “pattern matching” (Trochim, 1985)



meant to assess the data with the theoretical framework when using an explanatory case-study (Yin, 2003, Thomas, 2011), whereas internal validity was confirmed by using more than one source (process of triangulation). At the end of each finding I offered my interpretation of the analysis (discussion) meant to provide “a lens through which readers can view” (Creswell, 2003, p. 205) the object of my investigation.

At first I wanted to divide the Chapters Five and Six into three sections: data collection, data analysis, and discussion. However, given the holistic nature of interpretation when conducting a case-study, it was difficult to apply such a linear approach and segment the research accordingly. “If this is the case, it is inappropriate to impose a strict line between analysis and discussion since one infiltrates and merges into the other” (Thomas, 2011, p. 196). Thus, I provide my interpretation and analysis (discussion) following the description of each finding.

During the analysis process, I scrutinized the information gathered which served the purpose of detecting the different identities that exist within the organization as perceived by UCSC leaders. What surfaced from this process was the influence the University’s history had in defining the identity attributes as expressed by the leaders, and at the same time how each leader’s perception of the institutional history – its idealization, personalization, understanding – has impacted the University’s ability to adopt a common strategy.

The theoretical framework, Organizational Identity Theory (Albert and Whetten, 1985), adopted to answer my questions led my investigation in every phase and, as demonstrated in the previous chapter, proved to be a valid approach. In fact, while collecting data, the Organizational Identity Theory framework allowed me to identify those attributes that define the identity of UCSC.

### **5.1 Identity attributes: central, enduring and distinctive (Finding #1)**

To determine whether the perception of UCSC's identity was clear and convergent among leaders, as well as consistent, I looked for those characteristics that the theoretical framework describes as being the central, distinctive and enduring claims necessary to portray the organizational identity (Albert and Whetten, 1985; Whetten, 2006).

I extrapolated UCSC's identity attributes from the account of each interviewee and checked them against the consistency of the narrative with historical events and documents. Then, in order to construct the account, I retained only those features that each respondent referred to as essential in the definition of UCSC's identity (Albert and Whetten, 1985; Whetten, 2006). This established the degree of convergence and agreement in the definition of the organization's identity.

#### *5.1.1 Central attributes*

Whetten (2006) articulates the concept of "central" as what members believe to be fundamental in describing the organization's identity. These are claims that members of an organization believe to be important and essential in defining the identity. These claims can be said in everyday conversations or written in the institution's bylaw; they might be recurring expressions in official speeches and contained in documents.

What follows are the claims that UCSC leaders believe to be central to the University's identity.

##### *5.1.1.1 The belief of the founder*

Father Agostino Gemelli was a well-known, talented and respected Italian physician. His relatively late life decision, at the age of thirty, to become a priest after renouncing his membership in the Masonry (Hammond, 2010), established,

according to all respondents, the basis for his incredible achievement which was the founding a Catholic university during the controversial and unfavorable time of the fascist regime in Italy (Bocci, 2003). “Gemelli was an exceptional person. One can say that once he developed certainty about his faith in Christ, he worked hard to demonstrate to the world the importance of reconciling faith with reason. Indeed, he argued that there could be no faith without reason” (L8).

The recollection of his deeds among University leaders persists vividly even among those who only joined UCSC recently. “Everyone talks about Gemelli here. In particular, when we see the excitement of the new generations, we wonder what Gemelli would have done” (L3).

His permanent “presence” in the four campuses of UCSC is verified by the recurring reference to his belief in the Rectors’ official speeches, as shown in Chapter Two, as well as in everyday conversations among staff. In fact, many interviewees were aware of the founder’s desire to make UCSC known for its scientific rigor, the excellence of its scholars, and the serious attention given to the experience, not only educational, of each and every student enrolled at the University (Bocci, 2009; Cova, 2007). Aspects of his “grouchy” character seemed to be familiar to the leaders with anecdotes that demonstrate how Fr. Gemelli was demanding towards staff and students, which still survive today. “Everyone knows that Gemelli was a disciplinarian and many times he reprimanded students for their lack of composure. Everyone feared him and respected him as one fears and respects a severe father” (L3).

#### *5.1.1.2 The Catholic mission*

The second most important central character of the identity might be inferred by the Catholic dimension of the University and its belonging to the Church. “The development of Catholicism in Italy is closely linked to the history of Università Cattolica, and especially of its founder, Agostino Gemelli” (L7).

In fact, one of the salient traits of the University since its inception has been the founder's ability, and afterward that of his successors in the role of rector, to translate and adjust the Catholic values to the existing context through history. Thus, for instance "charity" translates into "care and dedication to each person" (e.g. staff, students, community members, etc.); "hope" into the ability of the University to invest on tutorial programs to accompany those less talented students who have difficulty finishing their studies; and "faith" into the fearless attempt to set up a non-state university to assert its freedom against the mainstream education, which was Fascist at the time it was founded.

For many of us, and especially those of us who are older, there is a commonality between the core of the Catholic tradition and the way we see our work in the University. (L9)

I didn't graduate from this University, but in my present position I recognise that what makes it different is the dedication the staff have for this creation which is the University. The dedication and passion shown by the staff – both administrative and academic – make it different from other universities. (L1)

All these values have been the cornerstones of the University's mission as stated in its bylaw:

Università Cattolica is an academic community that contributes to the development of education, scientific research, and the training of young people for research, teaching, government offices or agencies, private businesses, and the liberal professions. Università Cattolica fulfils this role through both a higher education fit for purpose and an education inspired by the principles of Christianity, in line with the autonomy of all forms of knowledge, and on the basis of a concept of science being at the service of the individual and the community, following the principles of Catholic doctrine and in keeping with the universal nature of Catholicism and with its high and specific demands for freedom. (UCSC, Bylaw, art.2)

#### *5.1.2 Enduring attributes*

One of the criteria that Albert and Whetten's theory recognizes as essential for the definition of the organizational identity is the exhibition of "some degree of sameness or continuity over time" (1985, p. 265). This not only has to be stated but also needs to be revealed by an abundance of confirming examples:

if something isn't a central and enduring feature of an organization, then practically speaking, it isn't likely to be invoked as a distinguishing feature, and thus it falls outside the domain specified for this concept. The core point here is that organizations are best known by their deepest commitments—what they repeatedly commit to be, through time and across circumstances. (Whetten, 2006, p. 224)

Following these indications I looked for identity features which provided evidence of continuity in relation with those of centrality.

#### *5.1.2.1 The founder's legacy*

The connection between the legacy of Fr. Agostino Gemelli and the current identity of UCSC is evident. It emerges from the analysis of the University's history, as recounted in Chapter Two, with references to citations made by UCSC Rectors during the academic year inauguration speeches (Cova, 2007). It is also reiterated by way of repeated mention in promotional materials and newsletters. And finally, it is voiced by the interviewees. Given the ethnographic approach of my research and my knowledge of the context, I could also bear witness to the founder's memory which has been celebrated ever since 1960, the year after his death (Bocci, 2008). "There is no specific day dedicated to the founder. Rather, there are continuous reminders of his incredible work that are reflected in the way that the academic calendar is organised and in the focus on Catholic holy days" (L5).

Furthermore, in 2005, during Rector Ornaghi's term, a decision was made to publish a series of books on the history of UCSC and on the importance its founder has had for Italian society as a whole.

In these years of the Rector's term [...] I have observed that because of its history and its current situation, Università Cattolica represents a really unique experience and is perceived and considered as such outside our community too. [...] The history and growth of the university of Italian Catholics have evolved, and must continue to evolve, as works dedicated to the progress of the supernatural life of mankind, both through the education of young people and through research and the defence of the truth. (Cova, 2007, pp. XIV-XV)

When completed (2018) the series will be composed of six volumes (Cova, 2007), five of which have been used in my research. This collection of works has involved a vast number of Italian researchers and has covered the life of the founder, it investigated archival documents (sources), and provided an in depth analysis of the context – history, politics, society, church – surrounding significant events in the University's life. "These books actually help us not to forget that identity is not invented, but has been given to us – we have inherited it. Knowing this helps us to keep this University alive and to develop it further" (L12).

#### *5.1.2.2 University staff and students as one community*

Since its inception the University has believed in the creation of a united community as opposed to a fragmented university population defined by either the disciplines (e.g. Humanities, Economics, etc.) or the members' roles (e.g. academic staff, administrative staff and students). This is reflected in the structural planning of the buildings which is meant to avoid disconnection between the different components of the University. Thus the sense of a united community is well-perceived and is considered vital to support the experience of individuals. Fr. Gemelli's belief is important for the University, that is that "there is a relationship which becomes established between teacher and student, and educators, regardless of which school they are affiliated to [or their ideological inspiration], identifying this as fundamental in effective education [...]. Without this direct, personal relationship [...], there is no education" (Cova, 2007, p. 67).

And this vision is further corroborated by Leader 7: "We believe that the relationship between staff and students is itself part of our educational offering. The physical environment is part of what we offer. And I wish that it played an even greater part. This is why we encourage and support education of the community: the education of men and women is strongly facilitated by interpersonal relationships."

Due to the difficulty of maintaining this cohesive context, the University made the decision in 2015 to invest in the purchasing of an entire building block (Il Corriere della Sera, 2015; La Repubblica, 2015). Having acquired several dislocated buildings in the city of Milan in the last fifteen years, UCSC created unfavorable conditions to foster such a community. The University adopted a new policy to either rent out or sell the buildings which are considered, due to their distance from the main campus, unfavorable to pursue the development of the community.

Even the procurement of new space, such as the building adjacent to the university, referred to in everyday conversation as the *Caserma*, or Police Headquarters, because of its previous use, is a response to the need to develop a campus that has more similarity to an American rather than an Italian campus to help develop our community. (L2)

### *5.1.3 Distinctive attributes*

As opposed to central and enduring attributes which can be shared by different institutions, distinctiveness qualifies those identity attributes that distinguish an institution from another: “[a]ttributes used by an organization to positively distinguish itself from others. Attributes spanning what is required and what is ideal for a particular kind of organization” (Whetten, 2006, p. 222).

#### *5.1.3.1 Educational tradition*

Something UCSC is well-known for is its particular approach to educational programming (Scaratti et al., 2015). This has been perpetrated over history and originated from one of the founder’s inspirations. UCSC is not only meant to teach and train but also to educate. Ever since the University was founded, Philosophy and Humanities studies have been present in each program, no matter their primary disciplines (e.g. Law or Mathematics) and remains a cornerstone of its educational programming. However, as explained in Chapter Two, with regard to the many constraints imposed by the Ministry of Education that have prevented non-state universities to fully represent their identity in the content of their academic offering, its effects have been significantly mitigated. “We think it is very important to expose our students to the interdisciplinary nature of our University.

Unfortunately, given the rules of the Ministry of Education, we are able to offer our students only a fraction of this impressive array of knowledge” (L12). Whereas L5 further comments: “Students can obtain between a minimum of 6 to a maximum of 12 credits [of non-major discipline content] (out of 60 credits) per year. If they were to choose to follow more courses, they would fall outside the requirements of the Ministry of Education.”

Nevertheless the University managed to keep the general humanities dimension to its curricula in three ways. First, students are kept together in one place no matter the school or faculty they are affiliated to. Thus the human interaction between them is continuous and supported (e.g. a common library, building, and common rooms, etc). Second, students have optional courses within their curricula that allow them to cross over disciplinary boundaries (e.g. a student of Economics might select a course from the School of Education). This practice may be seen as normal in other HE contexts however it is considered unusual in Italy. In fact, this is generally not supported by the Ministry of Education which requires that all course belonging to a set program be disciplinarily cohesive and formally pre-approved as part of a recognized degree. Third, all students are required to enroll in a non-credit-bearing course of Theology every year. These courses, rather than emphasizing the Catholic values of the University, aim at familiarizing students with subjects that, according to the University, are needed to ensure a well-rounded education. This original academic offering is meant to avoid the limitation of knowledge afferent to one only discipline (e.g. Business) without taking into account that a student is first and foremost a person who needs more than just competences and skills required by the job market. This coincides fully with the view of the founder, Agostino Gemelli:

The method of requiring all students to follow an identical, specific course of study, with all of them constrained to uniformity in educational achievement, corresponds neither to differing needs nor to the richness of life. Instead, students must have the possibility of organising their studies in line with the objectives that they want to achieve. (Cova, 2007, p. 68)



#### *5.1.3.2 Research driven by mission*

UCSC has created five research centers with the purpose of carrying out research on topics pertinent to the University's mission, such as solidarity, family, catholic social doctrine, bioethics, and life. L1 describes the existence of these centers as "fundamental, if we are to be consistent with the founding principles of our University which still hold today — namely, what has always been said about trying to find a balance between faith and reason. This is probably more important today than at the time of the founding of the University."

Whereas, commenting on the subject, L4 stated: "It is not just an issue of doing research about the family or about bioethics. Rather, it is an issue about offering, with regard to issues that are nowadays so controversial, a rational method for supporting a faith-based vision that seeks to protect the human being from birth to death, without giving into the lure of scientific omnipotence, which sometimes follows a transient trend. Because you can do something does not necessarily mean that it is right to do it."

All the leaders interviewed approved the University's decision to dedicate internal funds to support the centers' research since their research topics would likely interest a limited number of external donors: "Today, this type of research [such as on family] is financed [by external donors], but probably only those research projects whose hypotheses to be proven are the opposite of ours" (L6).

Other than their funding sources, these Centers can be differentiated from the other ninety-seven (97) disciplinary-focused research centers<sup>4</sup> active in all four University campuses, with their specific denomination, which is "Centri d'Ateneo" (University Centers). This label recognizes by way of the University's official website and promotional materials the specific purpose of the centers which is the alignment of the content of their research with the mission of the University. "The

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<sup>4</sup> retrieved on 03/13/2016 from <http://www.unicatt.it/strutture-centri-di-ricerca>

university believes in these centres and supports them, but it also demands more in terms of the research carried out and methodological rigour” (L10).

But there is also awareness of the difficulty in sustaining a Catholic-value-driven University in modern times. “It is difficult to express our Catholic identity today. It is perceived as being divisive about many issues, such as the meaning of family, new rights, bioethics and so forth. It is important to know how to communicate what we believe without giving in to changing the essence of our identity though”(L12).

#### *5.1.3.3 Care to the person*

In 1926, Fr. Agostino Gemelli described the educational objectives of UCSC: “[t]he university must first and foremost cultivate the person; in other words, provide training and an education that cannot be based solely on technical knowledge” (Cova, 2007, p. 71).

His main belief has been incorporated in his attempt to reconcile faith with science and create a free, or non-state university, where students could be trained for a job but most importantly be educated to support their life endeavors. His main preoccupation was to ensure that the University would provide the necessary and appropriate support to students and help them find their place in society and life (Cova, 2007; Bocci, 2009). This is further exemplified in the interviews where statements pertaining to the “care to the person” (*attenzione alla persona*) is one of the most important and distinctive attributes of UCSC, as underlined by each respondent:

For this university, the focus on the individual is to do with the manner in which you go to class, and personally I think it means asking myself what I’d do if it were my son instead of a student putting forward a problem or a question. (L1)

When we give direction to students, we’re not concerned that they become the best, but rather that they discover what they like studying. (L9)

I believe that we have this task: not to take necessarily the best students, but to guide those students who enrol at the university towards becoming passionate

about what they study. We believe that this creates a possibility to educate not only good students, but good individuals. (L7)

#### *5.1.3.4 Non-state university*

A distinctive trait of UCSC is tied to its legal status which is reflected in its bylaw (art. 1): “Università Cattolica del Sacro Cuore, [...] was legally recognised as a free university by Royal Decree No. 1661 of 2 October 1924. Università Cattolica is a non-state university and legal subject governed by public law, in accordance with prevailing legislation” (UCSC bylaws, 2016).

The University’s status as a non-state institution is also source of pride: “We’re still proud today that, along with other non-state universities, we are a problem for the state. As at the start of the University, we still have to fight today to assert our right and the right of many young men and women and their families to be able to choose the education they want, including their university education” (L6).

I have exhibited in Chapter Two the Italian non-state universities’ disappointment with the last HE Reform (2010) and the government’s attempt to bind them to the same regulations imposed to public institutions (CRUI, 2014). During the interviews the threat these regulations posed to UCSC’s identity was felt quite strongly and shared by all the respondents.

They ask us to adhere to all of the rules of the state institutions, but they take funding away from us. But then we say: leave us to educate without imposing any limitations on us, and let young people be free to invest their money in the university of their choice. (L4)

Agostino Gemelli knew that our survival depended on the capacity to express our identity. If we were just a university, we would not be different. What makes us different is our being a Catholic university. (L12)

UCSC’s legal status is not the only feature that distinguishes it from state universities but it is also its nature as a free (“private”) institution that has contributed to a profound shaping of its identity. In addition, as I described in

Chapter Two, the establishment of a Catholic institution in Italy has set the basis for an ongoing confrontation between UCSC and the state.

The controversy about independence started immediately. Remember that the first 68 students enrolled in 1922 without knowing whether their degrees would be legally recognised or not. However, I believe that the problem for the state came from granting freedom to institutions – and let's not forget that the first universities were called 'free' universities – to offer university programmes outside those set down by the state. This is why we feel that being independent is a fundamental part of our identity, and we often match the concept of independence with the fact that we are a Catholic university. (L11)

In the interviews the overlap between the University's autonomous status (from the state) and its Catholic essence emerged clearly. However, other non-state universities whose founding and ideal principles were not necessarily religious (CRUI, 2014), may show the same pride for being "free". So it is important to emphasize that

the state's pervasive intrusion in any initiative – including non-religious initiatives – has developed a strong sense of independence in 'private' universities, and great intolerance of the state. Undoubtedly, given its size, Università Cattolica is the institution that has tried harder than all of the others to assert its rights, not only for itself but for the defence of all non-state universities. We believe in freedom. (L6)

All the respondents felt the same pride and placed a "vital" importance on the safeguarding of the University's autonomy.

Nevertheless, I detected a difference in how some of the respondents viewed autonomy. Although all the interviewees agreed on the importance of being a non-state university, some respondents (L1, L3, L4, L5, and L11.) strongly believed in putting more distance between governmental control and the University: "We'd also be willing to give up all public funding – which I believe covers only 10% of our budget at this point – if we were to be allowed to offer educational programmes free from the constraints imposed by the Ministry of Education regarding legal recognition of degrees" (L3); the others (L2, L6, and L10) believed that the University ought to stand firmly to make the state recognize the important social role of a Catholic non-state institution and have public funding allocation increased

to “private” universities: “in the modern idea of the state, we should expect that the public function of a private university be recognised through a sizeable contribution to costs. If this were to happen, while still maintaining our identity, we would also be willing to undergo greater controls” (L6).

Out of twelve respondents nine (L1, L2, L3, L4, L5, L6, L9, L10 and L11) addressed this issue in the conversation. Interestingly enough those who believe in greater integration into the state system belong to the group of five respondents (L2, L6, L7, L9 and L10) who, as presented in the next part of the chapter, saw the University as a purely “normative” institution (4 out of 5). Whereas the respondents (5 out of 7), who believe in greater autonomy from the state (L1, L3, L4, L5, and L11) conceived UCSC as an institution presenting a dual identity: utilitarian and normative. The remaining three respondents did not seem to have a clear view on the subject of university autonomy, and I would summarize their position with the following statement made by L12: “I don’t think we have the strength to detach ourselves economically, nor to request more substantial integration into the Italian university system. I think our position, over and above what we want, must keep pace with historical change.”

This latter position, which exemplifies a “reactive” approach towards reality, clashes with the concept of strategic management and leadership. One of the three leaders who shares this view had a comment at my prompt which made me understand this position better:

The idea of authority-based leadership in the Catholic vision conflicts with the idea of authority. We believe more in authority as it is given than in the capacity of the individual to be authoritative and therefore, to emerge as a leader and to achieve a position of power. As a result, whatever happens has to be accepted, rather than disputed. (L7)

In other words, the circumstances are not to be challenged but rather are to be accepted. This attitude might be a result of a “fatalist” leaning, which is not found in the history of the University. One might wonder whether UCSC would have survived

until now had the founder adopted a similar position under the fascist regime (Bocci, 2003).

#### 5.1.4 Discussion: Identity attributes (Finding #1)

There was among leaders a common, convergent and unanimous perception of UCSC 's core attributes, defined as those that are believed to be central, enduring and distinctive (Albert and Whetten, 1985; Whetten, 2006). In Table 5.1, I reported the attributes as they emerged from the interviews which were subsequently confirmed by historical documentation (Cova, 2007; Bocci, 2008; Bocci, 2009). I then framed them according to the "central character, distinctiveness, and temporal continuity as each necessary, and as a set sufficient" (Albert and Whetten, 1985, p. 265).

**Table 5.1 - UCSC identity attributes**

Attributes			Evidence
Central	Enduring	Distinctive	Examples
a. Belief of the founder b. The Catholic mission	a. The founder's legacy; b. University staff and students as one community	a. Educational tradition b. Research driven by mission c. Care to the person d. Non-state university	✓ Pride ✓ Recurrent reference to the founder; ✓ Bylaw; ✓ Memory of the founder ✓ Promotional materials

I detected a major discrepancy in the interviewees' accounts regarding the autonomy granted to UCSC by the Italian government. The different understanding expressed by the leaders of the role of the government, from state control to state supervision (Jongbloed, 2008; Enders et al., 2013), that from the University standpoint translates into less or more autonomy, may help introduce the concept of organization self-identification (Albert and Whetten, 1985). In fact, as the literature revealed, there has been a radical transformation in higher education

based on both the availability of public funding and the system through which funding is allocated (Jongbloed, 2008).

There has been a movement away from a system that was at one time nearly universal [...] of almost total central or regional public funding, to a situation where a growing proportion of finance has to be sought from non-direct public sources including fees, research grants, local development monies, alumni, industry and social enterprise, contract research and philanthropy [...]. While government remains a key player in most countries, it has moved its disbursement stance into a more directive mode. Thus the uncertainty resulting from having to seek a greater proportion of funding from other sources is matched by pressure to move away from the simpler, more certain, 'autonomous' environment (guaranteed by the public purse) within which to pursue individualistic research and teaching. (Gibb et al., 2013, p. 12)

The scarcity of funds, as a consequence, has pressured HE institutions to become more strategic in their approach and increasingly entrepreneurial in their practice. The existence among UCSC's leaders of two different positions regarding public funding, as well as the role of the state and the way the Italian government should allocate financial resources to universities, revealed the presence of more than one identity within UCSC. In other words, although there is consensus regarding UCSC's identity attributes, the retrenchment phase – in which UCSC stands, as demonstrated in Chapter Two – has given evidence of a disagreement among its leaders on the approach the University should take to make up for the shortage of funds. "Retrenchment necessarily involves the definition of organizational identity because it requires the use of budgeting priorities which in turn require an answer to the question who and what the organization is and what it wants to be" (Albert and Whetten, 1985, pp. 274-275).

The unanimous answer, or absence of one, to the question "who are we?", is relevant to define the direction in which UCSC is willing to go. If there is a prevalence of those who believe that more funding should be allocated by the state, it is very likely that more effort will be put into trying to persuade the state to do so. If, however, the University aligns itself with those who think that UCSC should become more entrepreneurial, an attempt will be made to become more strategic and profoundly change managerial practices within the institution.

“The lack of tension between these conflicting personas in the past can also be attributed to the combinations of its peculiar organizational structures and relatively abundant resources support” (Albert and Whetten, 1985, p. 286).

In the case of UCSC, the shortage of resources revealed a situation that had very likely been latent, that is the University would have continued to function regularly had the general conditions remained unchanged. However, since a new factor was introduced, that is a reduction in state funding, the model in place at the University proved itself to be inadequate to manage the changed context.

The inability of UCSC leaders to agree on a decision to either behave more as state institution, and thus lay claim to more public funding, or espouse the more entrepreneurial route, might end in a stalemate and put the institution in a situation of risk with unpredictable consequences.

For the purpose of discovering what identification leaning – normative or utilitarian – is prevalent among UCSC’s leaders, I carried out my investigation by using the Extended Metaphor Analysis (EMA), as adopted within the theoretical framework (Albert and Whetten, 1985) described in the literature review. This would allow me to detect whether the unanimous perception among leaders of the organizational identity attributes referred to above (Table 5.1) would steer leaders towards a common strategy or would reveal instead a divergence of opinion pertaining to the issue of institutional autonomy in relation to the state.

## **5.2 Characterization of UCSC identity: normative, dual and utilitarian (Finding #2)**

As described in Chapter Four, I organized my interview questions adopting an ethnographic approach as I aimed at understanding each respondent’s point of view more so than confirming my initial assumptions (Fontana and Frey, 1994). None of the interviewees knew of the organizational identity theory with which I chose to frame my research. Thus, none of them explicitly referred to a “normative” or



“utilitarian” identity (Albert and Whetten, 1985). Nevertheless, even after having explained to each respondent the meaning of these words, normative and utilitarian, they felt more comfortable comparing the University, or its primary functions (research, teaching and services), to a public organization to define its normative identity, or to a business (or an enterprise) when describing its utilitarian dimension. “Organizations define who they are by creating or invoking classification schemes and locating themselves within them. From a scientific point of view [...], the classification schemes implied by statements of identity are likely to be highly imperfect” (Albert and Whetten, 1985, p. 267).

The respondents who were originally grouped into three categories as represented in Figure 4.2, which included the “silent” group (group C), were redistributed into two new groups, normative and dual identity, based on their interview responses. The Normative identity group includes three professors (2 men and 1 woman) and two administrative staff (2 men); the dual identity one has five professors (3 men and 2 women) and two administrative staff (2 men). (Figure 5.2)

**Figure 5.2 - Sample distribution of leaders’ organizational identity perceptions**

Normative identity:	Dual identity:
✓ Professor (L2)	✓ Professor (L1)
✓ Professor (L7)	✓ Professor (L8)
✓ Administrative (L6)	✓ Administrative (L4)
✓ Administrative (L9)	✓ Administrative (L5)
✓ Professor (L10)	✓ Professor (L3)
	✓ Professor (L11)
	✓ Professor (L12)

### *5.2.1 Normative identity*

Some common expressions characterized the definition of UCSC as normative. For example L2 stated that “we need to stop tapping into the world of business to solve our economic problems. It would be better to look at the world of American non-

profits, which would keep our identity intact as an organisation offering a public service.”

Whereas L10 echoed the previous statements by affirming that “introducing practices used at multinationals means linking oneself to reasoning based on profit and distorting the relationship between the university and students.”

Some other respondents were more inclined to see the University differently but disagreed with the idea of implementing a strategy in a context led entirely by the regulations imposed by the Italian State. Thus, L6 would accept to see the University more as a business but “[a]s long as a qualification has a legal value in this country, seeing the university as a company may be counterproductive since we cannot do things differently to what state universities do.”

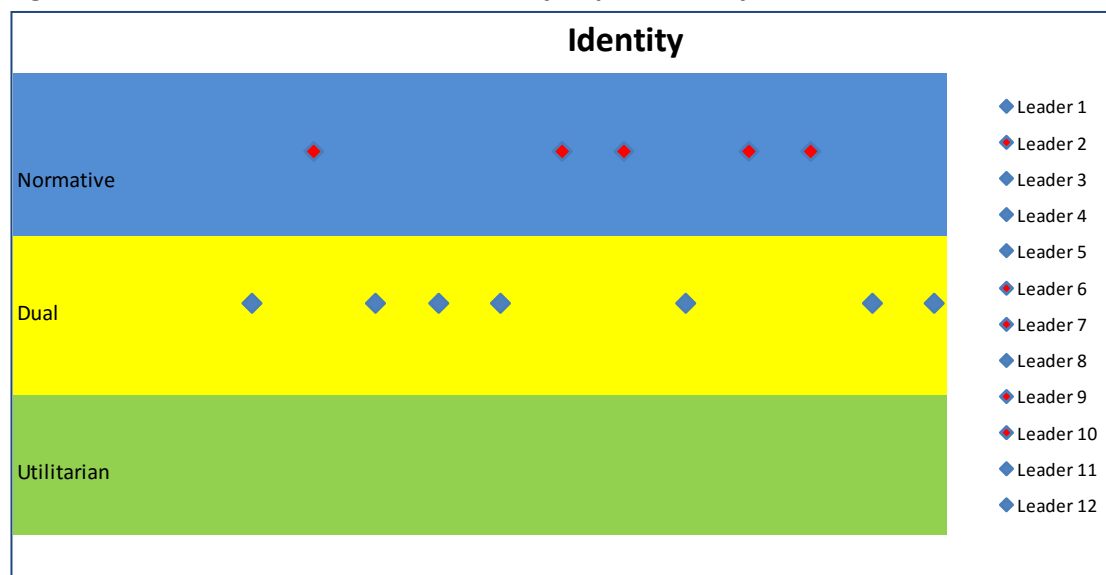
Along the same line was the comment of L9 who blamed those who made the decision to carry out a strategic plan which “was unrealistic. Maybe certain things work in America or England. But not here. The reality is that we are increasingly being forced to be the same as state universities.”

Finally, L7 believed that the mission of a university, and especially in the case of UCSC which is Catholic, cannot be compared to a business. “Society should understand the importance of educating future generations and provide funding to do so. If we continue at this rate, we will have to put a price on everything.”

The five respondents (L2, L6, L7, L9 and L10) who defined the University as holding one identity (Figure 5.3), that is normative, did not differentiate between the purpose of UCSC – its mission, and the means through which the mission is pursued. In other words, managerial practices, according to them, come with the risk of altering the mission of the University. For them, treating education as a “utility” for society (Albert and Whetten, 1985) devalues it to a “mere product sold to clients” (L9). This view is found in another research conducted at other HE institutions which

attest that “within academe [...] there is a pervasive sense of unease” (Bender, 1997, p. 19); UCSC has been facing an increasing number of challenges, created by the changes occurring in the economic, scientific and social context that made “universities [...] no longer conceived just as purposive, rational, or collegial organizations relatively free of external influence or conflict” (Weerts et al., 2014, p. 242).

**Figure 5.3 - Characterization of UCSC Identity as perceived by leaders**



### 5.2.2 Dual identity

The seven respondents (L1, L3, L4, L5, L8, L11 and L12) who defined UCSC as possessing a dual identity (Figure 5.3), elaborated their perceptions in different ways. L1 answered that

with the change of external conditions, such as, for example, the reduction of public funding, which went from approximately €50 million in 2007 to little more than €20 million last year, there is no way we can avoid implementing strict management of costs and revenues. However, there are a few exceptions to this reasoning: we might decide, for example, that our philosophy programme should not be sacrificed as part of our overall education offering because of a lack of philosophy student numbers, and that it should be held nonetheless.

Some other interviewees (L4, L8, L12) saw in the notion of dual identity a way to complement the mission of UCSC with the challenges of the external market; as one said “it’s the same old thing: either give up the mission and become a business, or

give up the business and close the university. I believe that setting priorities about how and where to invest our money is not counter to our mission, since it shows a way of keeping up with the times” (L12).

Another respondent (L3) expressed the dual identity as a way of making choices and then moving away from the “we have always done so” attitude: “Often the perception of what has value is not decided by the students, their families and the business world, but by us. And I’m sorry but this obscures a protection of interests. We cannot continue this way. We must submit our work to the judgment of something that many in the university don’t want to use: the market.”

This view was also the understanding of L11:

I think that a dual identity must have a clear purpose which is that of educating students [normative], while also using corporate means and practices [utilitarian]. In any case, even when funding comes from the state, people are paying this cost through their taxes. The difference that I see is that we become accountable for the funding given to us with practices borrowed from the business world and, at the same time, we get rid of those programmes or courses that perhaps no longer attract the same students that were interested in enrolling 20 years ago.

Leaders who perceived the identity of UCSC as being both normative and utilitarian confirmed that there is a need to make sense of HE institutions and the way they engage with the environment (He and Brown, 2013). This is characterized by the fact that special events, such as disruption, shape the life of the institution. The strategic approach to identity is applicable when internal organizational adjustments are made due to alterations in the external context (Cameron, 1984). Change within a university is thus expected to take place through design, planning, and strategic management (Greenwood, 2011). From this perspective, factors such as an increase in competition and in accountability pressure, trigger a proactive approach to mutations in the context in which the university is located.

### *5.2.3 Utilitarian identity*

Although none of the twelve leaders conceived UCSC as possessing a solely utilitarian identity, I think it is worth reporting why one respondent, who defined

instead UCSC's identity as being dual, said that UCSC will never assume a purely utilitarian identity:

It is not possible for Università Cattolica to completely become a business. First of all, in the Italian higher education system, although Università Cattolica pays the teaching staff the university isn't their employer. Their employer is the state. Therefore, the value of identity from a regulatory perspective is also recognised in the status of the teaching staff. It follows that the teaching staff cannot be dismissed. This alone is enough to see how impossible it is to become similar to a company. In addition, we can't completely specify the product, i.e. study programs. The Ministry of Education sets the requirements for awarding a degree: the market is excluded from this equation. The only option that Università Cattolica has is to offer better services and more attractive programmes, changing very little. There may be a greater margin with respect to research activity, but let's not forget that research is also conducted by professors, who, as I mentioned before, are employed by the state. Finally, the rector and the deans are elected. There is no assurance that, from a managerial perspective, the most capable person is the person filling that position (as rector or dean). It's more probable that the person who is politically the strongest will become rector or dean: this model contrasts with the possibility of having stable corporate governance. How will the rector or dean use the budget? To improve the university or to guarantee their re-election? (L5)

L5 touched over some of the issues that have been discussed extensively in the literature – Chapter Three and presented in the context in Chapter Two.

The respondent (L5) referred to the heavy impact of the state on Italian universities which has been experienced in different ways: "formal control over funding, curricula, HRM (together with academic oligarchy), and turnover, while universities remain conceived as homogenous bodies with limited autonomy" (Donina et al., 2015, p. 230).

Although the latest HE Reform (2010) presented a change in the governance model of Italian state universities with the introduction of managerial principles (Capano and Rebora, 2012), five years later it has revealed itself to be, according to researchers who investigated the changes (Minelli et al., 2012), more of a rhetorical device than an actual policy improvement. In fact, instead of aligning the Italian HE system to the policies of other EU countries, the 2010 Reform has increased state

control over its HE institutions: “competition at the institutional level remains modest, while the managerial approach to institutional governance is not promoted. [...] Centralization of power in the hands of state persists” (Donina et al., 2015, p. 230).

In Italian universities, including most of the non-state HE institutions, the electoral system, on which the governance model has been based, has made it extremely difficult to bring forward changes both to the system and at the institutional level. Deans, who are elected by their colleagues, would put pressure and exercise their influence on the Rector when they need something. As a consequence, in Italian universities “the body entrusted with the most important strategic decisions [is] composed of representatives of the primary target of the decisions themselves” (Capano, 2008, p. 488).

#### *5.2.4 Discussion: the characterization of UCSC’s identity (Finding #2)*

Undoubtedly there is no consensus among leaders as to how they characterize the identity of the University. The division between leaders is clearly defined and this anticipates what are to be the forces at work at the University that might consequently result in their inability to agree on a common strategy. “As in the original study of Albert and Whetten [...] the context surrounding interpretation may trigger conflict and tensions which are also reflected in the various interpretative processes” (Stensaker, 2015, p. 108).

The collected answers reflect the lively debate currently taking place at the University and reveals that the discord is connected to the association made with “utilitarian” practices. Furthermore the disagreement resides in the fact that regardless of the mission of the University, the utilitarian identity can be assumed and used as a means to achieve UCSC’s “normative” goals.

“[T]he university has begun to assume a utilitarian identity as well as a normative one, we mean more than that it has utilitarian goals as part of its mission

statements. The internal organizing rules, norms, and attitudes increasingly reflect a utilitarian point of view” (Albert and Whetten, 1985, p. 286).

The debate is steered by ideology as a refusal by some – normative – to accept carrying out the UCSC mission by adopting practices borrowed from strategic management (utilitarian), unlike some others who would accept it – dual identity. “What is retained in a normative organization is likely to be different than what is retained in a utilitarian organization if only because the principles on which such decisions are made are quite different” (Albert and Whetten, 1985, p. 287).

The ideology component has to do with ideals and principles shared within the institution. In fact “[i]n a normative organization, the principle for determining what ought to be retained is tradition. In a utilitarian organization, the principle is cost-effectiveness” (Albert and Whetten, 1985, p. 287). The latter is led by the market; the former by history. “From this perspective change takes place through default, whereby morale commitment and engagement of staff [...] play a key role. The result is a more organic change process, characterized by disruption, conflict, chance and power struggles” (Stensaker, 2015, p. 107).

Part of the debate is also focused on the relationship between UCSC and the state. And this relates to the fact that the state plays an important role impacting the University’s identity; the state is the employer of the academic staff and also exercises its power by assigning legal value to university degrees. Although both groups recognize the relevance of such an issue, those who believe in the normative organizational identity tend to favor state control: they claim for more funds and see other alternate solutions with suspicion. The dual identity persona of the University supports the adoption of more entrepreneurial practices as opposed to the strengthening of the relation with the state. “Accountability pressures [...] may trigger the build-up of institutional action plan and the allocation of resources to profile the university better to external stakeholders” (Stensaker, 2015, p. 107).

In conclusion, the friction resides in a) a different conception of the identity – normative versus dual, and b) in a diverse interpretation of the relation between the state and the University. These two elements will be further analyzed and discussed in the next section (Finding #3) which breaks down the leader's identity perception in respect to the three university functions: research, teaching and services.

### **5.3 Characterization of identity by primary functions: research, teaching and services**

The interviews were organized to collect information not only about UCSC's leaders' perception on the institution's identity as a whole but also with the purpose to find out about each respondent's characterization of organizational identity for the primary functions of a university: research, teaching and services.

Investigating UCSC's leaders' identity views on the three main pillars of the University had the purpose to find out whether disagreement would have diminished or rather been amplified between the two groups. In fact, "universities typically present themselves as the realization of different but harmonious purposes, such as teaching, research and service, rather than as organizations torn between conflicting objectives" (Albert and Whetten, 1985, p. 270).

I outlined in the following table (Table 5.4) the view of each respondent on research, teaching and services. This analysis helped define why for some leaders UCSC held a dual identity. Dual identity might refer to "an organization whose identity is composed of two or more types that would not normally be expected together" (Albert and Whetten, 1985, p. 270). Thus, if a leader recognized that one of the primary functions, for example research, belonged to the utilitarian dimension, whereas the other two possessed the features belonging to the normative one, the characterization of the institutional identity would be dual (Figure 5.8).



Out of the twelve respondents five confirmed their conception of UCSC's identity even when talking about the way they saw each primary function. Whereas the rest of interviewees (7) who defined the identity of the organization as dual had more diverse views (Table 5.4).

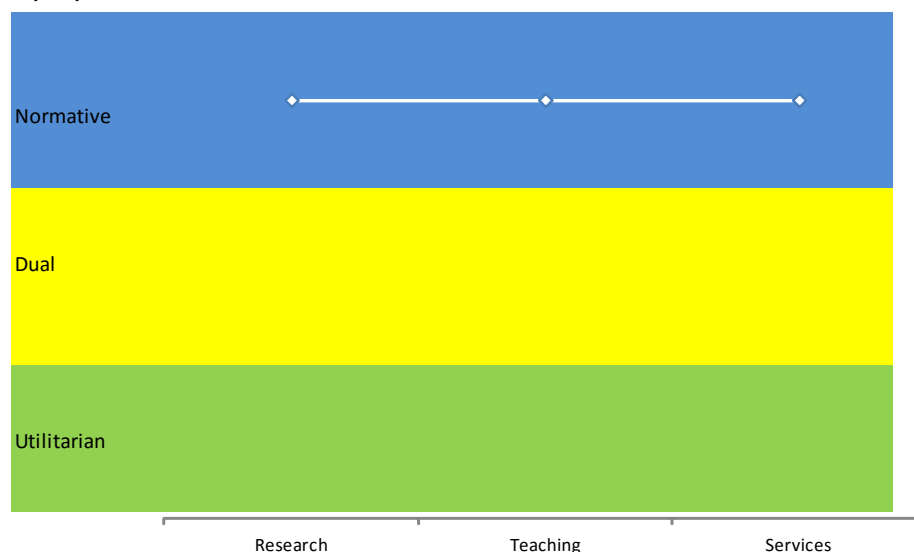
**Table 5.4 - UCSC identity perception by primary functions**

	Research	Teaching	Services
Normative	5	5	5
Dual	5	7	4
Utilitarian	2	0	3
Total	12	12	12

#### *5.3.1 Normative identity*

The five leaders who recognized in each primary function a normative identity justified their view in different ways, however all agreed on the fact that UCSC “has a clear mission. This mission is the basis of Cattolica’s identity, which is necessarily institutional [normative] because it is unchanging” (L2). Even when looking at the University by way of its activities (Figure 5.5), for these five respondents, the normative identity prevails over other tendencies.

**Figure 5.5 - Characterization of UCSC identity by primary functions for respondents L2, L6, L7, L9, and L10**



L7 clarifies this normative emphasis by stating that “I don’t exclude the need to implement practices borrowed from the business sector, but these practices must be subordinated to our values, and in any case, such practices must not prevail over identity in the event that choices have to be made.”

The members of this first group (normative) see research as “something separate from teaching however both can contribute together with our Catholic vision to the dialogue currently taking place in society” (L6).

Their belief was so profoundly rooted in the University’s values that L10 states: “I don’t see any research that is not affected by the institutional mission of UCSC [normative]. Even when research is carried out for payment, we must or should always ask ourselves if it is in line with our mission. If it isn’t, it should be abandoned.”

When I analyzed the respondents’ answers regarding teaching a peculiar approach emerged which regards teaching as “a way of developing the individual using the individual’s aspirations as a starting point”(L9), which is therefore in contrast with the dual identity view of the “university that strives to attract talent from the onset”(L4).

As for services, they have the primary function of supporting teaching activities: “the teaching staff must be able to undertake their teaching and do their job without worrying about classrooms, whether the projector works, or about lesson timetables; the administrative staff should take care of these matters” (L2). Thus “services” are seen as linked to teaching: “My vision doesn’t include offering students services which I would call social activities. They can find these services, e.g. gyms, outside the university. They are not part of our university culture” (L6). This strong belief was reinforced by other comments regarding the mission of the University. “Our mission is to educate, not on the basis of what’s in vogue at a given

time, but from the individual as a starting point. This – the individual – does not change. I believe that emphasising these aspects of our identity will benefit us” (L2).

Another respondent made a comment that reflects a similar position:

Gemelli was very sensitive to the need for involvement with the students, in order to be able to continuously give them direction. He wasn't worried about making them perfect professionals, but rather about making them excellent individuals. I'm sorry, but this is what we need to continue to do. And to do so, we need men and women who have a clear vision and who are dedicated to teaching. It is certainly not managerial techniques that will allow us to resolve the issues, including financial problems, that the university has. (L9)

### *5.3.2 Dual identity*

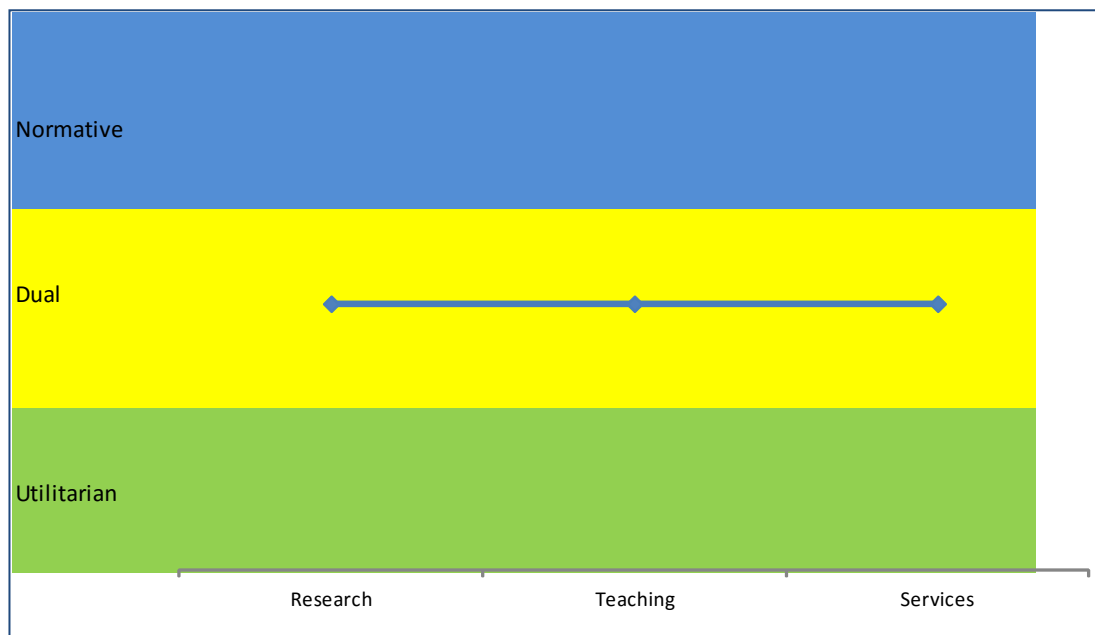
In the dual identity group of respondents (L1, L3, L4, L5, L8, L11 and L12) their views were more varied and more articulated. Dual identity means that the University has within the same primary functions an orientation towards normative and utilitarian. For example, L1 stated: “The university's research is institutional, since Cattolica can decide to invest money in research related to its mission e.g. family, ethics, etc.”

But also the same respondent declared that “research can also have a ‘business’ nature when it is directed at companies.” In this case I placed research in the dual area (Figure 5.6). Belonging to this group, who perceived the three primary functions as possessing a dual identity, there were three other respondents: L4, L11, L12.

The latter sub-group saw the identity of UCSC as both utilitarian and normative and were not able to separate the one from the other.

As I see it, all of the functions of the university (research, teaching and services) have to have a dual nature. This is because, if I have properly understood Cattolica's cultural and social mission, the university, in terms of its governance, must deal with the market in order to survive, and must focus attention on costs, revenue generation and operational techniques, which are the factors that will allow the university to remain in operation. (L4)

**Figure 5.6 - Characterization of UCSC identity by primary functions for respondents L1, L4, L11, and L12**



The same understanding was shared by L12 who said:

Try and imagine that tomorrow no one wants a Catholic education anymore because they are ideologically against it. We would have to close or to understand how our offer – of Catholic men and women – might be attractive to our future students. And will this be the result if we don't adapt our mission to the world? And why would we do that? Because if there are no students paying the cost of education, we would have to close. Therefore, in order to have our identity [normative] survive, we must use the rationale of the market [utilitarian].

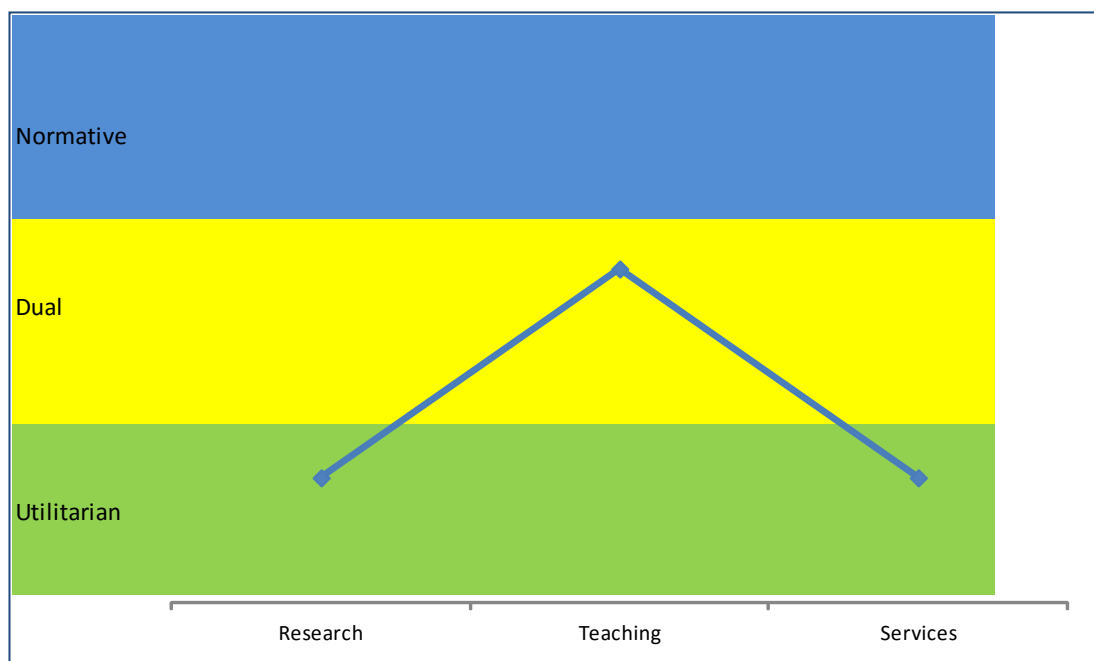
A more original view was presented by L11:

I would think to myself, 'What is it that I consider important for my students?' I would include everything – courses, academic services, and also those activities that aren't considered as part of the educational environment in Italy – areas for socializing, for doing sports and so on. So I would ask myself, 'Can I imagine students coming to Cattolica and not having time to keep physically fit or not having areas or the opportunity to spend time with their friends?' Well, I would put all of these costs in as part of the tuition fees. I see this approach as institutional [normative]. But the way in which I would set the tuition fees, keep costs low and decide not to make a profit (or to make very little profit) is a business aspect [utilitarian].

Assigning a dual identity to UCSC might also mean that some respondents like L3, L5 and L8 saw one or two of the primary functions as having a utilitarian identity while

the other a dual one – L3 and L5 consider research as utilitarian, whereas teaching as dual (Figure 5.7).

**Figure 5.7 - Characterization of UCSC identity by primary functions for respondents L3 and L5**



Thus, L3 and L5 saw research and services as possessing an utilitarian identity, whereas they felt teaching as having both utilitarian or normative at the same time depending on the programs offered at UCSC.

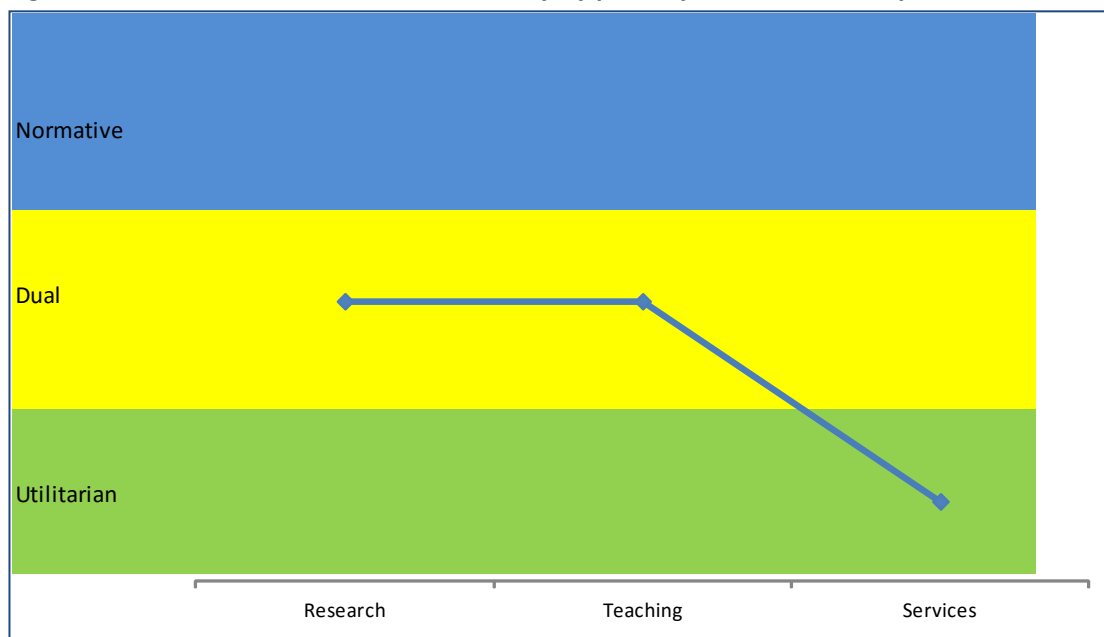
“Our three-year degree programmes (bachelor programs) and master degree programmes are shaped by the mission [normative]. However, the professionalizing master programs follow the market and I therefore see them as being directed towards profit [utilitarian]”(L5).

This is how they explained the utilitarian identity of research and services: “Research must be financed. The excellence of the researchers attracts funding for the university and companies willing to invest”(L3). L5 has a real “progressive” way of conceiving the services offered in an Italian university, where everything has been usually included in the tuition: “I would introduce a separate cost for all services. Why should we have to put the costs of the university language centre into

tuition fees if students already have the language knowledge required by their study program? I would fix a basic tuition fee, and then I'd add all of the other services at market prices."

The other respondent who placed at least one primary University function – services – in the utilitarian area and the other two, research and teaching, in the dual area is L8 (Figure 5.8).

**Figure 5.8 - Characterization of UCSC identity by primary functions for respondent L8**



L8 justified the choice by affirming that "research can respond to the different commissioning entities: some research can secure the support of the university because it is deemed fundamental to the mission, e.g. the Church's social doctrine." But at the same time L8 perceived each academic offering as dependent on the market's requirements, although recognizing that some courses may not be profitable but part of the educational project of UCSC.

"Some 25 years ago, the Faculty of Arts and Philosophy had more students than the Faculty of Economics. Today the situation is the opposite. But given our interdisciplinary nature and that our students are able to choose courses offered by faculties other than their own, both faculties need to be maintained." While

describing the vision regarding services, L8 explained that “some services need to be offered within the tuition fees, e.g. academic services, while others, e.g. social activities, could be supplied at an extra cost to anyone requesting them since, although we don’t see them as part of the education project, they are nevertheless requested by students. In this case, the underlying logic should be market-oriented.”

### *5.3.3 Discussion: the characterization of identity by primary functions (Finding #3)*

This data-set shows that none of the respondents who conceived the University as owning a normative identity, even when asked about each single primary function, was inclined to recognize some utilitarian tendency in their conception of the University’s identity. Alternatively, those who believe that UCSC has a dual identity – normative and utilitarian – the tendency shown in their responses leans towards the utilitarian area (L3, L5, and L8) and none of them recognized any of the functions as belonging only to the normative domain.

In the dual identity group two forms of duality were detected: “[o]ne in which each unit within the organization exhibits both identities” (Albert and Whetten, 1985, p. 271), like in the case of L1, L4, L11, and L12; and the other “in which each internal unit exhibits only one identity” (Albert and Whetten, 1985, p. 271), as conceived by L3 and L5 regarding research and services, and L8 about services only. The literature defines the former as a holographic form, whereas the latter as specialized or as an ideographic form.

The divergence of opinions among UCSC leaders is confirmed. However, the debate seems to be focused less on a discrepancy between the ultimate nature of the University’s organizational identity but mostly on the challenge that utilitarian practices, if adopted at UCSC, would represent for those leaders who favor the normative nature of the institution.

[W]e could expect the university’s normative components to respond to retrenchment by deleting all forms of knowledge other than those that [already]

existed. What is new is suspect. On the other hand, the utilitarian elements of the university should press to retain all that has value in the marketplace regardless of its date of origin. (Albert and Whetten, 1985, p. 287)

Another key factor to interpret the different understanding reflected in each group – both holographic and specialized – might be that utilitarian “leaders” rely their confidence on information, practices, skills, and competences, whereas the normative ones on ideology.

The former group sees the University as a centralized organization where “[i]ts procedures are removed from ‘democratic’ norms.” (Albert and Whetten, 1985, p. 282). The latter places more confidence in the educational and religious mission of the institution which is commonly accepted by all leaders; thus, control of the organization is a matter of the leaders’ personal commitment and adherence to the values that create consensus among the members of UCSC.

This finding reveals two trends. First, there are different democratic tendencies within UCSC: the normative stance moves towards democracy, whereas the utilitarian one moves away from it. Second, there is a different regard for the market: the normative position perceives it with suspicion, whereas the utilitarian one holds it as valuable. The existence of the two groups within UCSC (Table 5.9), normative and dual (dual holographic and dual specialized), is further evidence that it is possible to observe whether the leaders’ different perception of identity also translates into a divergence of opinion regarding accountability.

**Table 5.9 - Respondents sorted by UCSC identity’s perception (normative, dual – holographic and specialized ) reflected in University primary functions**

Identity	Number of Leaders	Leaders
Normative	5	L2, L6, L7, L9, L10
Dual (holographic and specialized)	7	L1, L3, L4, L5, L8, L11, L12
Utilitarian	0	None
Total	12	



#### 5.4 Accountability

When conducting data reduction (Miles and Huberman, 1984) I realized something that I did not notice during the interviews, that is the way leaders viewed accountability and its relation with their perceptions on organizational identity. The pattern emerged while reallocating key statements to the different respondents per the two main groups defining the normative and utilitarian positions regarding identity. This pattern highlighted the primary University stakeholders and how the various leaders viewed their level of accountability towards them.

Accountability is also rooted in the context in which UCSC operates, that is the Italian HE system. In fact, the essentialist approach, according to the literature, survives in HE systems where the state has maintained a controlling role over universities, and where accountability is therefore given primarily to the state (Weerts et al., 2014; Stensaker, 2015). The strategic approach has developed instead in de-regulated HE systems, where accountability is given to the main players in the market (e.g. students, families, etc.) (Weerts et al., 2014; McDonald, 2013).

When the UCSC leaders were asked to whom the University ought to be accountable, they provided answers that reflect their conception of organizational identity (Table 5.10). In fact, L2, L6, L9 and L10, that is four out of the five respondents who believe UCSC holds a normative identity, positioned the state as the primary stakeholder the University is accountable to. L7, the fifth respondent, indicated instead the “Church”, which is yet another institution like the state.

What is noticeable in these answers is the delimitation drawn between those who indicated an institution in the first place – the state or the Church – and the other leaders who view the University as accountable to people, such as students (L1, L3, L4, L8, and L12), and their families (L5 and L11) – who coincidentally are the seven respondents who believe UCSC possesses a dual organizational identity.

**Table 5.10 - Accountability towards UCSC stakeholders**

Leaders	UCSC is accountable to the...		
	#1	#2	#3
L1	Student	Family	State
L2	State	Church	Student
L3	Student	Family	Employer
L4	Student	Family	State
L5	Family	Student	State
L6	State	Student	Society
L7	Church	State	Family
L8	Student	Family	State
L9	State	Student	Family
L10	State	Student	Church
L11	Family	State	Student
L12	Student	State	Church

Normative identity



Dual Identity



As reported in Table 5.10 all the respondents indicated as one of three primary stakeholders either the students or their families, nevertheless it is important to note that neither respondent belonging to the normative group identified either students or families as primary stakeholders.

The justification given by both the normative and dual identity groups for their answers can be summarized with the following statement: “let’s resign ourselves to the fact that as long as the state has the power to give legal value to a qualification, even if we were to become, as Università Cattolica, completely independent of public funding, we would nevertheless have to continue to answer to the state” (L6).

L6's comment is undoubtedly accurate as it is undeniable that in the Italian HE system the state not only allocates funds but also defines most of the content of the study programs, as presented in Chapter Two, and exercises its power by granting legal validity to Italian university degrees. In contrast L5's statement (dual) is also true, when asserting that "our main responsibility is to the families who invest their money to have their children study with us [at UCSC]."

#### *5.4.1 Discussion: accountability, normative vs. dual (Finding # 4)*

What can be observed in these orientations towards accountability is that once again a conflict arises between two opposing interpretations of the same object, that is the University identity.

The first – normative – perceives the state and its relation with UCSC, no matter whether judged ultimately positive or negative, as a way to preserve "continuity": the state as warrantor of immutability over time. These leaders see privatization of higher education as a change "adversely affecting the life of students, scholars, and the historic missions" of HE institutions (Weerts et al., 2014, p. 254).

Contrarily, the dual identity group focuses on the external environment and sees in the University's ability to respond to the market's challenges (Mills et al., 2005; Huisman et al., 2007) a means to stay loyal to the core identity of UCSC and to its original motivation of existence, as exemplified in the founder's statement of 1922: "Our university is born thanks to the willing contributions made by a number of friends. [...] These are simple and good souls of Catholic Italians who entrust us with their children and their money" (Cova, 2007, p. 35).

The founder further expressed in 1923 how he conceived the relation between the University and the state which clearly reveals his lack of confidence in the latter:

The mission of our university is that of guiding the national life back to the origin of greatness and wellbeing which is religion [...]. We willingly accept to submit to this discipline and control [by the state] all the while occupied to demonstrate with facts that the awarding of legal status to our university and the right to issue

degrees is not the result of a generous concession [by the state] but is deserved as we have demonstrated to be mature and ready for liberty. (Cova, 2007, p. XXIII)

Consequently, universities might be forced to see themselves as more accountable toward the state for meeting requirements since they are bound to it in a legal and administrative manner, with the risk of steering away from the exigencies of external stakeholders or from the competitive environment (Woolf, 2003; Luzzato and Moscati, 2007). In such a context the development of an institutional strategy is more driven by compliance, and with reason, than by competition (Meyer and Rowan, 1977).

An effective way to evaluate the two visions is to question which one adheres more to reality. In fact,

the temporal aspect of the concept of identity is essential. A central proposition in the identity literature is that loss of identity (in the sense of continuity over time) threatens an individual's health. In fact, [in 1968] it was Erickson's original observations that the disturbances of army personnel after World War II might be derived from their loss of continuity with their previous life that led him to originate the concept of ego identity as a sense of sameness over time which was necessary for psychological health. (Albert and Whetten, 1985, p. 272)

Thus, one might not accept reality – for instance the presence of new conditions in HE created by the market or the cut of public funding – because this would imply giving into change, and consequently dealing with loss. Nevertheless, denial of reality – the causes of being in a retrenchment phase in the case of UCSC – would very likely drive one to “insanity”, which signifies an inability to adapt, for any reason, to external conditions.

Research has shown that these developments also contribute to transforming universities, at least with respect to tightened organizational structures and increased formalization (Ramirez and Christensen, 2013). In essence, these developments tend to lead to a more managed university (Stensaker et al., 2012), often accompanied by reports of increased tension and conflict inside the institution which in itself creates further restrictions on the scope and scale of change (Locke et al., 2011).

“At the centre of such tensions there are often discussions about the future direction and development of the university, raising issues closely related to key values and norms of the university as an institution [...]” (Stensaker, 2015, p. 105). In the case of UCSC, this tension, as described above, erupted when the Rector called for a committee in December 2013 whose task was to develop a strategy to counteract the effects of the University’s financial crisis.

I shall now look at data that would specifically help answering my second research question, which resulted from my own observation of what was happening at UCSC when the institution started developing a new strategic plan, which contributed to the rise in disagreement and conflict between leaders on the immediate subject of strategy.

## **Chapter Six – Research findings (2)**

It was during my participation in the working sessions of the strategic plan at the University that my second research question – How does the perception of the identity shape strategic decisions? – emerged. In the attempt to address this question, the diagnostic diagram adapted from the Organizational Identity Theory (Albert and Whetten, 1985) utilized to detect identities within UCSC was modified (Figure 3.24) with the insertion of Whittington's matrix (1993) which helped me position the different orientations towards strategic management as expressed or demonstrated by the University leaders.

Thus, my fifth finding (#5), which deals with the issue of strategic management, attempts to verify whether the two identities detected at UCSC (findings #2 and #3) are reflected in the leaders' views on strategy. This section presents the leaders' approach towards the overall strategy for the University but also their views on how to strategically engage each primary function of the institution, that is research, teaching and services.

Finding #6 addresses the concept of leadership, and its relation with organizational identity, and how UCSC leaders feel it is being exercised within the institution.

And finally, finding #7 focuses on funding and its connection to the autonomy of the University.

### **6.1 Identity and strategic management**

In addition to direct observation and access to internal documents, data were collected through questions during the interviews targeting specifically the University's strategic plan. The plan has yet to be implemented due to disagreement among leaders, which plagued each progression phase of the strategy. In January 2016 the senior leader appointed to develop and implement the plan resigned only six months prior to the end of the Rector's term (July 2016)

due to discord between them regarding the strategy. As of early April 2016 that role is still vacant.

The decision of two respondents – L6 and L9 – to refuse to answer specific questions regarding the strategy reveals the level of discontent within the University about the plan which is perceived as controversial: “I don’t know what it is, and I can’t answer about something I don’t know” (L9). But L6 went even further when stating: “I would contest the data the plan is based on so if the point of departure is wrong, I don’t understand why we need to waste time.”

L6 and L9, who both belong to the normative group, gave just as much information by their silence than the other ten (10) respondents, of which seven (7) belong to the dual identity group and the remaining three (3) to the normative one.

UCSC’s strategic plan has been structured based on the three primary functions of a university: research, teaching and services. The original version of the plan included twenty-three (23) projects, three (3) of which were on the rationalizing of costs and the reorganizing of the administrative structure of the University; three (3) were on research, four (4) focused on teaching and the remaining five (5) on services. The last eight (8) strategic initiatives covered various themes involving the campuses, schools, departments and services, which can be classified into two overarching themes: internationalization (5) and the Catholic identity (3).

As previously done for the collecting of responses and subsequent distribution of perceptions belonging to either one of the three primary functions, I have done the same with the answers pertaining to strategic management. My original intention was to detect and represent on a diagram (Figure 6.1) the respondents’ orientation towards strategic management for each primary function. However, during the interviews I realized that an in-depth analysis of their orientations for each primary function would have required more time and diverted the focus of my research from organizational identity and its relation with strategy to strategic management

only. Thus, I opted not to steer away from the original scope, that is to find out whether the leaders' perception on identity would influence also the choices UCSC leaders make for each primary function, but focused instead on their decisions affecting the strategy for the whole of the University.

I have to admit that most of the respondents demonstrated a general lack of familiarity on the issue of strategic management, though I should have anticipated this knowing my colleagues' respective background, engagement and their familiarity with issues pertaining to strategy. As a consequence, this finding regarding strategic management was to be the most difficult to analyze since I had to triangulate the respondents' accounts with my observations together with my direct knowledge of the strategic plan which were to be double-checked against the literature reviewed in Chapter Three.

I borrowed from the literature on strategic management the three indicators I represented on the diagram (Figures 6.1 and 6.2), that is 'views', which determines whether the strategy is more focused on the competition with similar organizations (competitive forces view) or the development of internal resources (resource-based view) to overcome competition (Wernerfelt, 1984; Barney, 1991; Newbert, 2007); 'approaches', which indicates the scheme adopted to develop a strategy or that illustrates how strategic activities align with the internal and external conditions (Mintzberg, 1987; Lynch, 2009); and 'perspectives' which classifies a strategy by its processes and outcomes (Handy, 1991; Whittington, 1993). The representation on the diagram of organizational identity would help recognize the consistency between the leaders' perceptions on organizational identity and their strategic management orientations.

The ten (10) respondents who accepted to answer the questions on the strategic plan had different orientations toward the strategy to adopt in order to improve UCSC's performances. Their answers were coherent with their organizational

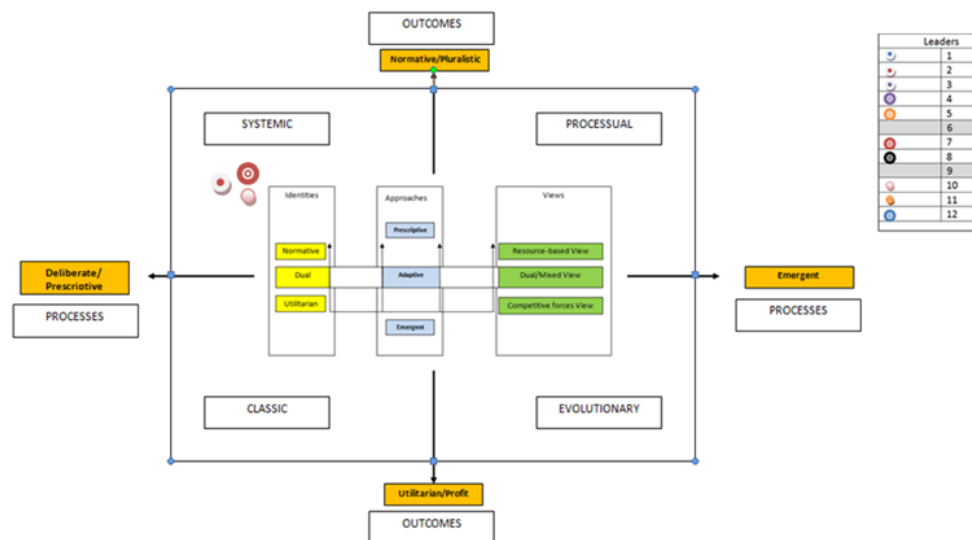


conception of identity: three (3) normative and seven (7) dual, of which three (3) specialized and four (4) holographic.

### 6.1.1 Normative identity

The respondents who believe in the normative identity of UCSC (L2, L7 and L10) confirmed their belief in the fact that research, teaching and services should be treated as a normative activity driven by Catholic values and the mission of the University. In their understanding a strategy should be confirming the values of the University. Their three “orientations” occupy the top area of the diagram (Figure 6.1) which also confirm the three primary functions of the University as activities that should be less preoccupied by the market and more engaged with internal resources (*resource-based view*).

**Figure 6.1 - Diagnostic diagram adapted from the Organizational Identity Theory (Albert and Whetten, 1985) integrated with the Whittington Matrix (1993): normative identity**



The academic offering (teaching) has to be less driven by the market and more oriented to provide students with an educational experience in line with the values and the identity of the institution (L2, L7, L10). And, as a consequence, they believe in investing more in internal resources (faculty) who know how to articulate the

Catholic identity into their courses (e.g. link between philosophy/theology courses and subjects studied at a School).

The same respondents saw services as an important part of the University's reputation built over the years – a pamphlet entitled “Our House Style” (Scaratti et al., 2015) was recently published, which sustains this position. They are therefore convinced that a *resource-based view* would be the best way to promote the educational offering of the institution (L6 and L9, the two interviewees who did not answer the strategy questions, contributed to the publication).

L2 believes that UCSC should not follow the “fashions” as other HE institutions have (e.g. by developing a new range of services focused on social activities) and change the nature and the content of the services provided to its students. Instead UCSC must be certain that the way it has envisaged the learning environment is able to attract students and convince their families of the robust educational proposal UCSC offers.

In the case of teaching, a *prescriptive approach* means that identity – again not the market – should drive the design of the curriculum at least for the few courses UCSC is free to include in the tight model imposed by the Ministry of Education (L2, L10). Considering the comprehensive nature of UCSC, L10 recognizes that more freedom should be given to schools in deciding, based on the subjects they teach, how the Catholic identity should be integrated in the curricula of studies.

L7 is convinced that if a research is steering away from UCSC's identity it must be abandoned. This is a *prescriptive approach* as it implies that an organization knows in advance what to do independently of the influences of external factors (e.g. a research on family values will always be based on the Catholic doctrine).

Finally the normative group supports a *systemic perspective* to strategic management, where, with the assumption that much remains the same in the

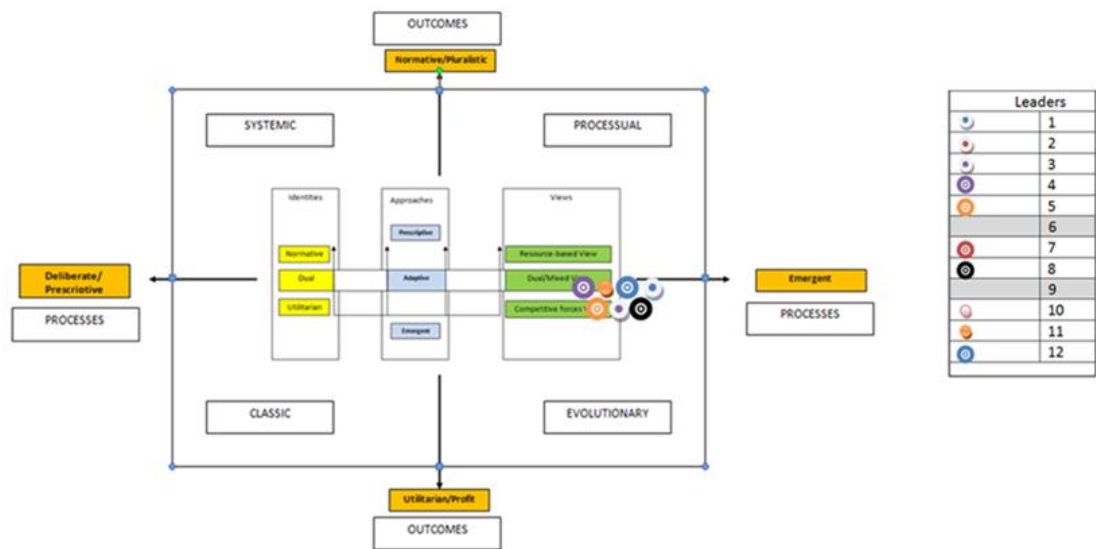
market since students are more attracted by the tradition and the reputation of UCSC (L2), a linear strategy would fit better into the reality of the University and the development of its reputation. “[Students] come to us for they know what kind of values inspired our offering” (L7). A *systemic perspective* implies a *prescriptive* process, which is more likely to be adopted by organizations with a *resource-based view* since the preserving of their reputation represents a pattern and places the emphasis on the development of valuable resources as an objective in order to maintain the advantage over other competitors (Wernerfelt, 1984; Barney, 1991). The assumption is that not much has changed between the students who enroll at UCSC today and those who came to the University 20 years ago; the new generations are still looking for the same proposition (L2).

#### 6.1.2 Dual identity

Those who considered the organizational identity of UCSC as dual, both specialized and holographic, placed similarly on the diagram (Figure 6.2), and when reflecting on strategic management the difference detected in the characterization of the identity disappeared (Finding #3). This likely would not have happened if I were to analyze each primary function separately. In fact, the difference between specialized and holographic stands in the respondents’ different understanding of dual identity (Albert and Whetten, 1985): for the ‘specialized’ group each unit (e.g. area, department, office, etc.) should be either utilitarian or normative; whereas for the ‘holographic’, each unit has both a normative and a utilitarian identity; such a difference would not emerge when looking at the strategy for the whole University without reflecting on each function.

The group of leaders, that is L1, L3, L4, L5, L8, L11 and L12, are positioned in the bottom-half of the diagram (Figure 6.2) since their belief reflects that, in treating research, teaching and services as something whose object defines the purpose, it distinguishes them between activities “driven by the mission” from those “driven by the market”.

**Figure 6.2 - Diagnostic diagram adapted from the Organizational Identity Theory (Albert and Whetten, 1985) integrated with the Whittington Matrix (1993): dual identity**



As for the *view*, those same leaders just mentioned moved their tendency to the center (*dual mixed view*) as it is coherent with the way they perceive the University, both market- and mission-driven. They can favor either or both the *resource-based view* and *competitive forces view*. A university wishing to engage strategically – for either recovering from retrenchment or wanting to consolidate even more its competitive advantage – has to decide whether it should take on a strategy that chases the market (Lennington, 1996; Eckel et al., 1998), or rather focus on the review of its resources to exploit its advantage and develop capabilities that reinforce the institution’s identity (Whetten, 2006). Sometimes a *mixed view* that promotes both attitudes are required, especially when an organization holds both identities, utilitarian and normative.

As an example, I report what L5 brought up, that is the case of Master’s programs offered to students in Africa. Those programs started to fulfill the mission of UCSC and represented initially for the University, in financial terms, a loss. But then the project attracted the attention of many enterprises, national and international, and ended up by being completely subsidized by private foundations with an “on-site” offering developed together with ten African universities. To L5 this is a great case to demonstrate that the stances of the mission can go hand in hand with the

market. To develop such a project UCSC started from its mission and at the same time was able to set up a successful operation and a cost efficient program. The example indicates the view of those who believed in dual identity, that is you invest on the internal resources – *resource-based view* – and as the project evolves it intercepts the resources available in the market to grow further. It also showed an ability to adapt to what was available within the Institution and at the same time look for joint partnerships to carry out the project. This example puts much emphasis on the capability to embrace the changes dictated by the external environment (in the example, Africa has only lately become an asset for Italian entrepreneurs. It has therefore turned into a business opportunity while it would have been perceived as a development-aid project 20 years ago. UCSC can continue to serve its mission although the investment motivations have changed).

Consequently even in this case the *approach* to be taken is in the center of the diagram (Figure 6.2) and would be *adaptive* since it can be changed depending on the opportunities offered by the market or on even on the necessity to serve the mission.

Those perceiving the University as dual believe in an *adaptive approach* that is to say they modulate their approach in adjusting to both the external and internal conditions. Therefore, this concept defines organizational identity as something adaptable or, to use a description L11 used about services, UCSC should tend to

change the menu depending on the guest. When you invite people to your home for dinner, you normally ask them what they like or don't like so that you can make the evening pleasant for them — for example, would they prefer fish or meat. This is what the university has done and what it should do. It is an indicator of a strong rather than a weak identity. Indeed, the more certain I am of my identity, the easier it will be for me to serve what someone else wants. The same applies to services, which I believe should create the conditions that make students feel at home. When I was a student, we felt at home simply in being able to go to the campus, attend class and speak with the professors. Today's students need other things. Knowing this allows us to put them at their ease and transmit our message better through what we are in class.

It is clear that this group's orientation towards the utilitarian side (bottom half) of the diagram (Figure 6.2) does not indicate a sole preoccupation for profit-making or generating sufficient revenue to sustain service provisions, but rather their attention towards the market's requirement to develop, as previously exemplified, UCSC's academic offerings.

During the interviews, the issue of services came about when mentioning the uneven quality of standards and systems between the Rome and the other three campuses located in the North of Italy (L4 and L5). This happened because the Hospital, around which the School of Medicine gravitates, controlled the entire decision-making process regarding all things from IT solutions to administrative staff of the School. As a result the level of satisfaction expressed by the Rome campus students has been much lower than that measured at the other campuses in Milan, Piacenza and Brescia.

Thus as for the process to be followed, the dual identity group conveys an intention to adopt an *emergent* process. L4 and L5 explained this in different ways. Both referred to the fact that in an Italian university politics play a big role, as does reluctance to change. They would embrace an *emergent process* giving the opportunity to those within the institution possessing a "good will" to learn how to change, and to the others a means to control their "bad" influence over the institution and thus anticipate a slow strategy development. "The problem of the campus in Rome is that to solve the problem of services, we would have to dismiss 70% of the employees, but since in Italy this is not allowed, we find ourselves with an enormous, inefficient organisation" (L5).

L1 added another motivation:

Not only are the services lacking, but the professors at that campus have taken on a 'different' role. In other words, they are part of the administrative organisation, and this is a result of their roles in the Hospital, and the lack of a clear division up until a few months ago between the Hospital and the University. Imagining that the strategy can resolve this issue with a proper, but rigorous, approach handed down from above is inconceivable.

For their orientation, they would be more inclined to adopt an *evolutionary* perspective where, given the current situation, flexibility would be driving activities. Such a strategy would also allow to recognize dissimilarities in the different cultures of the campuses' organization and would be malleable enough to address them and improve disservices.

Moreover, L1, L4 and L5 support a more mixed model where most of the primary functions of the University would be led by areas, such as research and teaching, rather than having a direct reporting line to the local campus administrators. If this were the case, the strategy perspective to be had should necessarily be *evolutionary* as the impact on the organization would be considerable. "Strategists [...] have emphasised the learning approach to strategy: encouraging managers to undertake a process of trial and error to devise the optimal strategy" (Lynch, 2009, p. 41). Consequently, strategic management becomes a process based on trial and experiments that defines the organization's strategy; it is *emergent* as opposed to *prescriptive*.

#### *6.1.3 Discussion: identity and strategic management (Finding #5)*

For the first time ever in the history of the University, UCSC has engaged in the development of a strategy for the whole Institution. The refusal of two respondents to accept questions on this subject described their feeling toward the plan. I should also report that in the interviews, when introducing the strategic topic, I registered some degree of sarcasm. This was probably due to the fact that the development of the plan was first delayed by one year and the approval continuously postponed due to disagreement among leaders. Thus, it was understandable that by the time I interviewed them those in favor of having a plan were disappointed and the 'opponents' reacted sarcastically satisfied to my mention of it.

At UCSC, the debate during the development phase of the strategy was fueled by a group of senior administrators who would constantly use such statements as "this is how university 'X' did it" or "this is how the leading literature in the field suggests

we do things". Another group however rejected this approach recognizing in the uniqueness of the institution, that is in its identity, either real or perceived, a reason (or an excuse) not to learn from other universities' experience. When initiating the development of the strategy and its application, organizations, like in the case of UCSC, tend to follow two different approaches: normative or descriptive. The former instructs others on how to execute strategic management (McFarlane and Ottewill, 2001); whereas the latter analyzes how an organization may undertake the task (Mintzberg, 1994). "It would appear that in many cases, [senior managers] are being left to contend with the myriad of discourses that are vying for attention as the individual engages in a constant process of identity construction"(Preston and Price, 2012, p. 415).

This raises a question particularly relevant to my case-study, that is whether the perception of identity, which manifests itself in a university context, influences strategic decisions. The different conceptions of UCSC's organizational identity emerged clearly when talking about the adoption of a strategy but also when discussing what the most pertinent strategic perspective would have fitted into the UCSC context.

However, it ought to be mentioned that the literature on strategic management presented many case-studies that revealed tension in HE institutions when an effort to become strategic had been made. Therefore from this regard UCSC would not represent an exception but rather a confirmation. (Mintzberg, 1987; Pennington, 2003; Davies, 2001a; Marshall, 2007; Newbert, 2007)

The finding on strategic management showed consistency, that is the difficulty to approve the strategy could be explained by an identity issue which led to disagreement among UCSC leaders. As a consequence, the normative group was more circumspect in embracing strategic management practices, whereas the dual identity front demonstrated more enthusiasm.



The normative leaders of UCSC saw strategic management suspiciously since they were probably inclined to believe that only an “insider” could find a solution to the retrenchment phase, and saw strategic management as alien to UCSC – because borrowed from the business sector – and inapplicable to the culture of the University; culture that for the dual identity group was less of an issue since they sought solutions offered through strategic management.

It is worth noticing that, although universities in other countries (e.g. Australia, UK, Canada, etc.) had previously experienced the pains of strategic development, UCSC did not demonstrate to have benefitted from their example and still endured tension, failure and frustration while developing its strategy (Baker and Smith, 1997; Davies, 2001a; Jarzabkowski, 2003; Pennington, 2003; Marshall, 2007; Winter, 2009).

The case-studies conducted on universities have gathered a number of reasons for disappointing outcomes in strategic planning. For instance, one of the most common causes for failure has been the leadership’s lack of support and the mid-manager’s weak commitment to the strategy (Pennington, 2003). What constituted a difference with other cases presented in the literature was the absence at UCSC of countermeasures to overcome the impasse.

Frequently, poor knowledge has ill-informed the practical implementation of the strategy turning it into a set of uncoordinated activities and *ad hoc* responses to change (Balogun and Hope Hailey, 1999; Winter, 2009). The strategy has often failed due to lack of communication, or worse, for lack of involvement of the entire community, especially of those, such as deans, whose commitment is essential to ensure progress of the strategy (Davies, 2001a).

Finally, another reason for failure is the implementation of a strategy that is in conflict with the university’s identity, its culture and norms. The challenge “is the degree of cultural change required. We must transform a change of rigid habits of

thoughts and organization that are incapable of responding to change rapidly or radically enough” (Duderstadt, 2000, p. 269). If ignored, the identity and culture, instead of creating cohesion, would generate resistance (Shattock, 2003).

In fact, two leaders (L6 and L9) said that they were unaware of the content of the strategy and denied the fact that the University was in a retrenchment and therefore needed to act strategically. To justify their positions, since the reality of the financial crisis could not be subject to debate, either the two leaders were insincere or they failed to acknowledge having received institutional communications about the situation. Regardless of the real motivation for their responses, an effective communication regarding the need to address the situation and a more consistent involvement of the University members would have mitigated resistance at UCSC.

Moreover, the comments made by the leaders regarding strategic management were superficial and revealed their lack of understanding and intent in adopting a strategy. Due to an unclear institutional directive as to the path UCSC should follow, everybody felt entitled to put forward their opinion. One would understand such a behavior in the first weeks, or even months, at the beginning of the development of the strategy; but none would expect to see such an attitude eighteen months after the first meeting on strategy, which took place in January 2014. This could be an explanation for the sarcasm I noted in the respondents’ answers when addressing the UCSC strategy, but at the same it reveals the inability of the University to lead the process.

In fact, whilst there was a convergence in the bottom-half of the quadrant (*evolutionary perspective*) (Figure 6.2) between those who believe UCSC holds a dual organizational identity, although differentiated in specialized and holographic, the distance became wider when comparing these two groups with the normative side which always stood at the top half of the diagram (*systemic perspective*) (Figure 6.1). And although the normative group was less populated – five (5) leaders –

whereas seven (7) supported dual identity, it might be assumed that the former – normative – weighed more in terms of power than the latter – dual identity – if they could slow down the progress of the strategy.

A possible conclusion would be that leadership is generally weak at UCSC. Actually the positioning of the two categories, normative and dual identity, on the diagram indicate a different conception of leadership (Figures 6.1 and 6.2). Those standing in the top-half – normative – see leadership as less important in developing a strategy. The *systemic* strategic perspective assumes that once the strategy would be defined, the university would follow the prescriptions. The dual identity groups which are located in the bottom-half of the diagram, and favoring an *evolutionary perspective*, are inclined to believe that leadership is more relevant to carry out the strategy.

However, an issue about leadership might also indicate that there might not be the conditions in place at UCSC to exercise it.

The strategic view on organizational identity highlights the opposite process, that of purposeful adaptation to a changing environment and more radical change. Of course, if a more strategic change is to take place it requires an organization to have an internal organization and a management structure that can decide on and implement such changes [...]. Change is expected to take place through design, both in terms of governance capacity and in terms of the strategic message to be delivered. (Stensaker, 2015, p. 107)

## **6.2 Leadership and governance (Finding #6)**

The answers of the respondents on the issue of leadership were immediately worth considering for further attention. In fact, no matter where they stood in considering identity or what orientation they had towards strategic management, almost everyone, when asked about leaders, seemed to not understand who I was referring to.

The sample I chose for the interviews was entirely composed of individuals considered to hold leadership positions; or at least those individuals who, in any

organization, would be held as such due to their position within the University hierarchy.

Although they are all formally in senior positions within UCSC when asked about their perception on leadership they talked about it when referring to other people. A brief selection of the answers can demonstrate this: “we should have different leaders” (L12); or “I don’t agree with the way in which our leaders communicate” (L10); on the same subject: “the question I ask myself is whether our leaders have a problem in communicating or whether they don’t have anything to communicate” (L3); “the decisions that are made are not accompanied by a vision that the leaders should be disseminating” (L4); and L1 confirmed that “one thinks that once a strategic plan has been written it can be used as an instruction manual, with the hope that, just like a law, everyone will fall in line and play their part. We have no leadership.”

One could generally expect these answers to be given by UCSC middle managers or staff, either academic or administrative, but these were actually given by the institutional leaders. Excluding the Foundation to which the University belongs – the Istituto Toniolo, only the Board of Directors, in which the Rector sits, is, within the institutional hierarchy, above them.

Even when they were asked about how UCSC staff perceived the leaders, their answers were revealing and informational. One of them explained that leadership would need to be utilized, but given the current circumstances, it became difficult:

In 2011, the previous Rector, Lorenzo Ornaghi, was called upon to serve as Minister of Culture. The current Rector was at the time Vice Rector and so he found himself serving as Acting Rector from 17 November 2011 until he was nominated Rector in January 2013. In this role, he appointed numerous Vice Rectors: in a very short time we went from having one Vice Rector to ten. In any event, these positions, which didn’t exist previously, were not vested with any specific responsibility other than representing a link between academics and the administration. They are not the heads of areas assigned to them, e.g. research, since the area responsibility continues to be vested with the Rector or the General Manager and the Director of the particular area, for example research. Therefore, out of the blue, the University,

the teaching personnel and other staff found themselves unable to understand who was responsible, whether it was the Rector, the Vice Rector, the Dean, the Director or someone else. This thus created reporting lines dictated more by personal relationships than by a clear-cut chain of command. Everyone is in charge – but in the end no one assumes responsibility. (L6)

Another leader made some relevant remarks about the circumstances under which the University has found itself:

Following the cuts in funding to the Gemelli Hospital, the university was faced with having to make critical, and more importantly, unpopular decisions. The inability to implement these decisions [reference to the strategic plan] suggested that the university urgently needed to define a structure in which responsibilities were clear. I must admit that a clear-cut division of roles, and more importantly, abandoning the system of electing the Rector, and also the deans, would resolve many problems of inaction. (L4)

Nonetheless UCSC academic staff, although employed by the University, are civil servants and hold the same status as their colleagues in public HE institutions. This affects their loyalty to the institution and challenges leaders in conducting strategic changes (Capano, 2010).

Instead of responding to a rationale of better management, the distribution of power seems to have responded to a political logic: everyone is given something. Those (directors) who report to the administrative structure answer to the Board through the General Manager, whereas the Rector and Deans answer to their constituents, i.e. the professors who elect them, even if formally all report to the Board. This creates conflict since this is not accountability! (L1)

Thus, when managers carry out their activities they have to negotiate support from the academia rather than taking it for granted (Gibbs et al., 2013; Jones et al., 2012).

#### *6.2.1 Discussion: leadership and governance (Finding #6)*

Within the current University environment, leadership seems to lack the primary condition to be successfully exercised, that is a conducive context. In fact, within the institution senior leaders report to different bodies. On the one hand, those coming from the faculty have their own constituency, that is the academic body of voters; on the other, the administrative leaders report solely to the Board although

they cannot avoid engaging professors in order to reach their objectives. This might well lead to draw a conclusion on different orientations toward strategic management: for the latter (L1, L3, L4, L5, L8, L11, L12) it would be professionally vital to have a strategic plan and support its implementation (Figure 6.2); for the former (L2, L6, L7, L9 and L10) (Figure 6.1) a strategy would create a conflict with political goals: if one serves the strategy it might disgruntle the constituency. However, this distinction did not apply as only two (2) out seven (7) in the first group – dual identity – were administrative staff; whereas for the second – normative – two (2) out of five (5) were administrative.

Thus, the reason for the forming of the two groups should not be sought in the traditional dichotomy between academics and administrative staff, but is more likely to be found in the conception and interpretation of the dual identity contrasted with the normative one.

Arguably leadership could easily develop in an organizational context under certain conditions. In this regard, an Italian university – even non-state – does not appear to be a conducive context since most choices are determined by different constituencies.

In other words, leadership and management become relevant when a decision-making process is in place and feasible in the organization, and as a consequence change would be an expected outcome of these choices. Ultimately, if nobody can make such a decision within a university, management and leadership become only rhetorical devices (Labianca et al., 2001; Greenwood et al., 2011).

Most importantly in an Italian university a choice is made collegially (Capano, 2008; Minelli et al., 2012) and those management practices and leadership do not apply, at least in the traditional sense, that is “[i]f we wish to increase organisational and group effectiveness we must learn not only how to train leaders more effectively but also how to build an organisational environment in which the leader can

perform well” (Fiedler, 1967, p. 261). What is missing in an Italian university, including UCSC, is the organizational environment.

I borrowed a similar conclusion from an Italian research that investigated the limited impact that the national assessment system had on Italian universities, and the ineffective solutions that were adopted by the institutions: “university governance is too weak and too collegial to make good use of evaluation results. [...] When governance is weak, what solutions can the evaluation system adopt to produce evaluation reports that are of any use?” (Minelli et al., 2008, p. 171). Evaluation reports are of no use, not because they do not provide useful indications, but simply because the actions required to improve the quality of the university cannot be implemented due to a frail governance.

The literature distinguishes between a leader who has an ability to inspire and a manager, who has a capability to plan (Northouse, 2010). Neither figure can thrive at UCSC due to limited presence of a business-oriented environment and as a result of an influential academic constituency (Capano, 2008; Minelli et al., 2012).

It became clear during the interviews that leadership was not a familiar concept at UCSC. However, those who perceived the importance of it reacted in a way that revealed that the institutional context at UCSC presented a difficult setting where leadership could be exercised and develop.

Even when considering leadership, the pattern detected in the theory which framed my research emerged and characterized the perception that the two groups have of the organizational identity. Those who believe that UCSC holds a dual identity would see the organization as having “a multi-level, highly differentiated rank structure”; whereas the others – normative – would “tend [...] to be comparatively egalitarian” (Albert and Whetten, 1985, p. 288).

For the implementation of a successful strategy the literature indicates some key factors for effective leadership. Jarzabkowski (2003) argues that a successful leadership style has to adjust to and be shaped by the culture of the organization and its internal context. Nevertheless, at UCSC the decision to develop a strategy revealed the absence of a managerial culture which might likely be explained by the unclear managerial roles held by the academic and administrative senior staff. In fact, what might have seemed as an attempt to develop distributed leadership (Dinham et al., 2009; Gronn, 2000; 2002; 2003; 2009; Gronn and Hamilton, 2004) to make the academic and administrative components of the University work together, support one another and share the same overall goals even if working on different activities (e.g. internationalization, research, etc.), turned out in reality to be a rather convoluted model where organizational members were not given clear reporting lines. Thus, the strategic planning, rather than providing an immediate solution, could present an opportunity to address those organizational issues that prevent the Institution from behaving strategically (Marshall, 2007). Moreover, the external factors (public funding reduction, increase of competition, etc.), no matter what the identity, culture and history of the Institution are, steer UCSC away from a self-referential academic context and force it toward a more managerial and entrepreneurial style of leadership (Jarzabkowski, 2003; Kok et al., 2010; Shattock, 2003; Jones et al., 2012).

In modern universities the decision-making process has become significantly faster, doing away with passivity or hesitation which hinders the organization from reaching its objectives (Shattock, 2003). This new prerogative for rapid action, as a consequence, challenges the power dynamics at play between the academic and administrative university staff (Kok et al., 2010; Naidoo et al., 2014) and calls for a redefinition of the existing model.

### **6.3 Funding and UCSC's autonomy (Finding #7)**

The previous section on leadership also highlighted another important issue that might frustrate the strategic approach taken by UCSC to move out of retrenchment,



that is the reduction of public funding dedicated to higher education or more precisely the use thereof within the University. In fact, the decrease of funding has revealed inefficiencies within UCSC as affirmed by L4: “The cutting of public funding to non-state universities means we have to do the same things, but at a lower cost. While this has been easier to achieve with respect to services, the cutting of costs with respect to the faculties has highlighted systemic inadequacies about the criteria for allocation of funds and control of the budget.”

UCSC is a non-state university and should suffer less from a budget cut. In fact, in the last decade the public funding reduction affected UCSC’s budget by only 10% as still about 70% of its revenue is made up of private sources (Figure 2.6).

For years, we have not addressed the issue of becoming more efficient because there was never a real problem from an economic point of view. With the reduction of funding, the problem became evident: the academic side of our institution historically being considered on a level with state universities had led to a situation in which not only were we not able to set salaries, but there was also a culture of not having a policy based on results. Rather, as what happened in state universities, there was a system of salary increases based on seniority. (L5)

However, as shown in the previous finding on leadership, the reduction of funding revealed another issue, that is the presence of two organizational structures at work: the top academic leader, that is the Rector, is elected by professors; whereas, the top administrative leader, that is the General Manager, is appointed by the Board of Directors but under previous acceptance of the Rector. Thus, the General Manager is accountable to the Board whereas the latter to the academic constituency.

The current academic year (2015/16), which will be an election year – election scheduled between April and July 2016 – the professors’ salary allocation would increase by €3,7 million (as reported in the estimate budget for 2016 approved by the Board in December 2015). As already explained, within the Italian HE system, even for a non-state university such as UCSC, the faculties’ salary is determined by the state. However, UCSC is still allowed to top off their salaries. Therefore, the University does not make decisions on faculty salaries unless to increase them. In

the history of UCSC academic staff stipends have always been the same as the state ones. Exceptions were only registered in specific cases, such as professors of Medicine who carry double roles, as professors in the School and as doctors in the Hospital. In the current year however a raise to all UCSC professors between 2% and 4%, depending on seniority, was given with no discrimination. Considering the financial crisis of UCSC and the outlook for the next two years (2016 budget) and the fact that salaries in state universities did not increase, one would have expected that costs would have at least remained steady. The reason for such a raise may be explained either by UCSC's complete autonomy in making its own decisions or instead by the top leadership being influenced by their academic constituency when making choices. "The financial resources are not allocated on the basis of priorities; or rather apart from priorities, there are other aspects that need to be duly considered, such as, for example, the fact that acceptance of these priorities is subject to tacit consent by the professors, apart from adherence to state criteria" (L1).

Other examples of the influence of the academic constituency on the Rector can be found easily. At the end of July 2015 the new UCSC policy for travel expenses was communicated to both academic and administrative staff. The policy did not consist in any cuts but required of each employee to follow an internal procedure intended to identify the most economic rates for travel and accommodation. Two months later the University informed that the policy was only to be applied to the administrative staff and not the academia. In fact, the Rector reverted his decision after many professors complained to him about the policy since it would prevent them from choosing travel options that suited them for various reasons (e.g. travel schedules, routes and other travel benefits). The potential savings that the policy was meant to generate per year were reduced by about 34%, as it dropped from €126,000 to €83,000.

L5 summarizes the situation by stating: "unfortunately, the existence of this dual system prevents a strategic approach to costs."

### *6.3.1 Discussion: funding and autonomy (Finding #7)*

The literature on the funding of higher education reveals a strong connection between public financing and strategic institutional decisions. In fact, the public provision of funds is not merely an allocation of resources to HE institutions but is most of all a system for steering institutions and influencing their choices (Enders et al., 2013). Thus, public funds are correlated to regulations that instruct the tertiary sector on how to deliver (rules) as well as what to produce (e.g. through quality assurance mechanism), such as the type of educational programs to activate or the specific kind of research to conduct (Joenbloed et al., 2010). This mechanism, especially where it is heavily applied such as in the case of Italy (Luberto, 2007), might put at stake any attempt that HE institutions might make to generate a more diverse and autonomous university through strategic management and organizational change (Neave, 1988).

In a context of state control, a non-state university would likely spend more to reach the same objectives as a university that enjoys greater autonomy. In the case of state universities, costs rise due to the influence of two politically driven bodies, the state itself and the academe. After the HE Reform of 2010, the state has increased its control of UCSC by treating it just like a state university (CRUI, 2014): UCSC faculty are considered civil servants and are given considerable influence within the institution, which hinders the University from responding strategically to funding reduction.

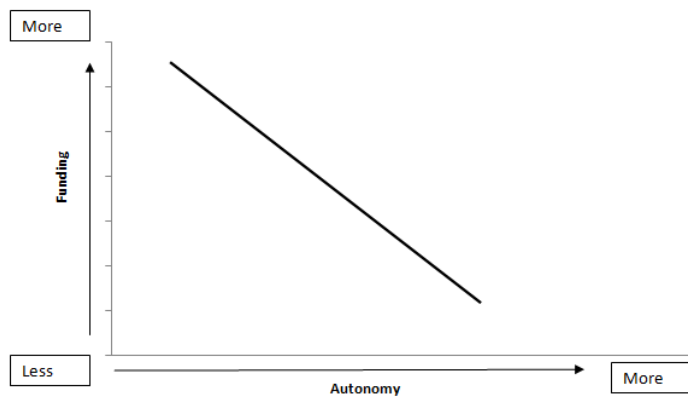
However, by autonomy, I also refer to an organizational model that entitles an institution to make its own decisions without any requirement to abide by either the internal voters' influence or by the state's external imposition.

I created the graph below (Figure 3.18) to illustrate this tendency. The vertical axis shows the incremental funding from "less" to "more"; and the horizontal axis distinguishes the amount of autonomy from "less" to "more". Therefore, greater

autonomy translates into less funds allocated to reach a given objective, whereas less autonomy requires more funds to meet the same goal.

The example of salary increase to UCSC professors is enlightening. Arguably, the problem emerged only when a budget cut occurred, however it is reasonable to presume that the system has been ineffective for a long time but it could not be seen as such because the funds were sufficient enough to satisfy both systems present at UCSC: the political and the managerial.

**Figure 3.18 - Correlation between funding and autonomy**



“So it’s not so much the amount of funding that is the problem, but how we use the funding. If it’s not possible to make decisions and to implement them, the strategic effort is made in vain” (L4).

We can therefore reach the conclusion that state impositions, such as teaching salaries, prevent non-state universities from running efficiently. Nevertheless, UCSC’s practice of topping off faculty members’ salaries and adopting travel policies imposed solely to administrative staff indicate another issue, that is also the ineffectiveness of the model in use at UCSC and its clash with its managerial practices.

The only way for UCSC to sustain such a model, considering both the influence of academics and the requirements dictated by management, would be to have an

unlimited provision of funds, regardless of where they come from, whether from private sources – tuition fees – or from the state.

This was another controversial issue at the University. As reported in Finding #1 the only point of contention among the leaders when identifying the organizational identity attributes (Albert and Whetten, 1985), was the role of the state. For some the latter should provide more funds, for the others UCSC should make up for the shortage of public contributions by becoming more competitive on the market. Unsurprisingly those who were in favor of maintaining the status quo, and were thus less supportive of developing a strategy for the institution, all belonged to the group that conceives the University as having a normative identity because they see the state as the guarantor of that identity (Finding #5).

#### 6.4 Conclusion of findings

My research has led me to find seven parameters that have allowed me to evidence from the literature, documentary analysis and interviews, the powers at play in explaining the current situation at UCSC, the object of my case-study.

As articulated in the following data display table (Miles and Huberman, 1984) (Table 6.3), I have summarized my findings, the sources used and a brief analysis/discussion pertaining to each.

**Table 6.3 - Data Display: summary of findings**

#	Findings	Data Sources	Analysis/Discussion
1	Identity attributes: central, distinctive, enduring	Interviews, documentary analysis, observation	Convergence on identity attributes (Table 5.1); divergence regarding the role of the state
2	Characterization of UCSC identity	Interviews	No consensus among leaders: normative vs. dual identity (Figure 5.2); confirmed divergence regarding the role of the state between normative and dual identity.

3	Characterization of identity by primary functions: research, teaching and services	Interviews	Ideological opposition between normative and dual identity when discussing primary functions (Figure 5.3); 2 forms of dual identity: specialized and holographic (Table 5.9); utilitarian practices – strategic management – highlight the main disagreement between normative vs. dual identity; democracy/consensus versus vertical control on the organization; essentialist vs. strategic approach
4	Accountability	Interviews	Different interpretations of the identity equate with different accountability: state vs. market (Table 5.10); which interpretation is more adherent to reality; risk of stalemate.
5	Identity and strategic management	Interviews, documentary analysis and observation	First time in UCSC to develop a strategic plan; identity – normative vs. dual – drives strategic management discourse (Figure 6.1 and 6.2); recorded intense disagreement on strategic management; absence of countermeasures to correct controversial members' attitudes; lack of authority and thus leadership; deadlock
6	Leadership and governance	Interviews	Conflict between management and politics; two constituencies at work: academic voters and Board; issues with the governance model; identity drives the concept of leadership
7	Funding and UCSC autonomy	Interviews and documentary analysis	State funding as a device to control UCSC; inefficient model: more financial resources to do the same (Figure 3.18); UCSC is not autonomous but relies on the state and public practices borrowed from state universities, such as the election system of the academic leaders; no strategic response possible

In the final chapter I shall present my overall analysis, conclusion and recommendations pertaining to all the findings, the connection to each other, and to my research questions.

## Chapter Seven – Conclusions

When I started developing my research idea I was not aware of the importance or the relevance of Albert and Whetten's Organizational Identity Theory (1985). It became obvious during the literature review that such a theory would have helped shed light on the object of my investigation, UCSC, and provided a framework through which data could have been organized and made sense of: "[t]heory without data is empty; data without theory says nothing" (Silverman, 2005, p. 327).

Thus, the work of Albert and Whetten (1985) attracted my attention for the many similarities it presented with my case-study. Nevertheless, in the last three years I had to review many times the literature since this theory became the object of a considerable amount of research on organizational studies: "[i]t addresses how a focus on organizational identity is of relevance when studying the current challenges universities and colleges are facing, and how the concept of organizational identity may be well suited to address an inherent problem in higher education research – the relationship between continuity and change" (Stensaker, 2015, p. 103).

The framework has also been used in the field of marketing and communication: "scholars [...] concentrate on institutional attempt to signal and project meaning – through logos, symbols, branding, and other marketing and communication strategies – to those outside the organization" (Weerts et al., 2014, pp. 230-231).

The growing interest towards identity at the level of organizations might be explained by the financial crisis that has impacted the global market since 2008, which has challenged the construction and legitimacy of organizations and has demanded a number of changes in different industries, including higher education. "Interest in [organizational identity] has, since the publication of Albert and Whetten's (1985) seminal work, been accompanied by a vigorous focus on collective and in particular organizational 'selves' and their implications for theory



and practice. [Organizational identity] is now recognized as key in efforts to understand strategic change (Ravasi and Phillips, 2011), decision making (Riantoputra, 2010) and internal conflict” (He and Brown, 2013, p. 5).

Additionally, the recent work of Rockwell (2016) dealt with the importance of organizational identity and its relation to strategic management. In particular, it relates strategic management, which is needed to move an organization out of a phase of decline, to its identity and argues that organizational decline triggers adaption and innovation as it might also lead the institution to further deterioration: “[e]ffectively navigating decline can unleash within organizations the ability to adapt and renew. Organizations that fail to respond appropriately to decline may end up in complete failure” (Rockwell, 2016, p. 32).

The appearance of new publications since conducting the literature review has confirmed the relevance of my research. Although it challenges my work by introducing new perspectives, it also validates my initial intuition to adopt such a theoretical framework in the attempt to explain the phenomenon at work at UCSC, and thus contribute to the body of literature on organizational identity: “[s]cholars have primarily examined how organizational members understand the central and enduring features of their organization. Such studies largely examine internal belief systems that inform sensemaking and subsequent action among members” (Weert et al., 2014, p. 230).

The outcomes of my investigation, inferred from the analysis of the seven findings, drew a picture that confirmed Albert and Whetten’s theory (1985). This is a relevant achievement as it not only served for testing the data against the theoretical framework but also validated the process when recurring elements and patterns presented similarities with the said theory (Yin, 2003).

Although it was not possible to conclude from the findings of this case-study that tension within every institution depends exclusively on the difference in identity

perception among its members, I can infer that when an organization has to make an difficult decision that can heavily impact its future identity issues, as theorized by Albert and Whetten (1985), are likely to emerge.

In fact, in my attempt to respond to my first research question – how UCSC leaders perceive the identity of the institution – I noticed that there was alignment among the interview respondents with regard to the definition of the central, enduring and distinctive features of UCSC's identity ('who are we?') (Finding #1). The leaders found seeds of discord in the characterization of the identity ('how do we define ourselves?'). This was revealed by carrying out the analysis of the University using the Extended Metaphor Analysis (EMA), that is a method for characterizing an organization as either normative or utilitarian (Etzioni, 1975; Albert and Whetten, 1985). Leaders disagreed on defining unanimously the institution as either normative (as a per the respondents' classification assimilated to a public office) or utilitarian (private business) or eventually conveying that both souls were present at the same time (dual) at UCSC (Finding #2).

The distinction found between the two groups (normative and dual) became more pronounced when discussing the three primary functions of a university: research, teaching and services (Knight, 1993). Further inquiry into the leaders' characterization of the primary functions made evident that the different characterizations that emerged from the analysis of responses were largely related to the conception leaders had of the role of the state (Finding #1). In other words, those who believed that UCSC should recover from retrenchment by assuming the market's requirements had a tendency to conceive the University more as utilitarian without renouncing the normative character held by the Institution (dual); whereas those who accepted the controlling role of the state believed that the University can only hold, under the current circumstances present in the Italian HE system, a normative identity (Finding #3).

This discovery was further corroborated when the interviewees were asked to what stakeholders UCSC was accountable. Those supporting the belief that UCSC has a normative identity retained that an institution (state or Church) is the University's primary subject of accountability; those who saw UCSC as holding a dual identity responded to this question by indicating individuals, that is either the students or their families (Finding #4).

This first set of findings provides useful indications for discussion. In fact, the disagreement among leaders detected and confirmed the existence of two components within UCSC (Finding #2): one normative (5 leaders) and the other dual, which retains the identity possessing both normative and utilitarian aspects (7 leaders).

The dispute was not generated by the University's main attributes, that is what respondents believed to be central, enduring and distinctive elements of UCSC's identity (Finding #1) but rather by how they characterized the University and its role within society (Finding #3): for the normative component UCSC serves the state; for the utilitarian it serves the market (Finding #4).

At this stage further reflection is required. It would indeed be easier to favor the position of the dual identity group, which sees the University as an organization that holds both a normative and utilitarian identity that is more suitable to serve the mission of the University and respond to market pressure, while the normative component's perception of the institution and of its role within society may seem out of touch with the current times (i.e. privatization of HE, public funding reduction, etc.). Nevertheless, this conclusion would fail to consider the influence of the context within which the University operates, that is the Italian HE system. In other words, the belief of the two groups – normative and dual – might reveal to be both consistent with the context. In fact, as demonstrated in Chapter Two and as recalled in the literature reviewed (Chapter Three), UCSC cannot under the current circumstances (i.e. its professors although hired by the University are civil servants,

the state for the recognition of the legal validity of the university degrees defines the content of the programs, etc.) avoid to comply with state regulations but cannot deny at the same time the need to recognize the influence of the external market (Cipollone et al., 2012).

Thus, the different identity characterizations highlight the present situation in which the state has pervasive control of the higher education system and where universities are not yet free to operate in order to comply with the market requirements while the state only holds a supervising role to assess quality and accreditation (Vaira, 2004; Van der Ploeg and Veugelers, 2008; Jongbloed, 2010; Gibb et al., 2013). This was further proven when reviewing the literature on funding and on the assessment of university performances in global rankings (Aghion et al., 2008; Enders et al., 2013): those countries where universities are subject to a controlling role of the state place lower in the leagues compared to those which are more autonomous.

The two groups within UCSC, normative and dual, emerged as a result of discussions on the strategy the university would develop to recover from the retrenchment phase. Thus ensued the question, during the debate on the identity, of how the leaders' identity perception would have influenced strategic decisions, which became my second research question.

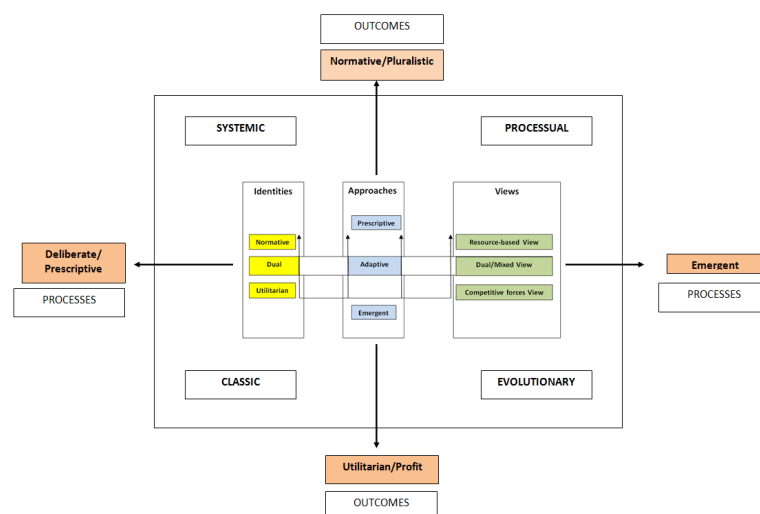
A telling fact is that after twenty-seven (27) months the strategy is still being defined. This delay is neither due to a lack of commitment by UCSC administrators, nor is it due to a revision of the original decision to develop a plan, but is simply because a consensus on the course of action to take has not yet been found. In this regard, difficulty is also demonstrated by another occurrence, that is the recent resignation of the leader appointed by the Rector to develop the strategy. Finally, during the interviews, two respondents (L6 and L9) declined to answer questions pertaining the strategic plan and motivated their refusal due to either lack of

sufficient knowledge about the plan (L9) or because they did not recognize the alleged financial crisis as a valid motivation for the plan (L6).

The analysis of the responses of the other ten (10) interviewees showed how their different perceptions of UCSC's identity also influenced their views on the strategy. At first, a different degree of enthusiasm was registered for the adoption of strategic management practices, such as required when developing a plan. The normative component was reluctant, whereas the dual group was in favor. The Organizational Identity Theory (Albert and Whetten, 1985) would explain this by referring to the different ideologies that drive the two groups: the dual believe in the utilitarian identity of UCSC and value the market and its leading principle of cost-effectiveness; whereas the normative follow the principle that dictates that tradition ought to steer the strategy (Whetten, 2006; Weerts et al., 2014; Stensaker, 2015).

In order to visualize the leaders' identity perception and its influence on the university's strategic decision-making process, I used a managerial lens, Whittington's matrix (1993), modified and integrated with Albert and Whetten's diagram (1985) (Figure 3.24).

**Figure 3.24 - Diagnostic diagram adapted from the Organizational Identity Theory (Albert and Whetten, 1985) integrated with the Whittington Matrix (1993)**



What emerges is a diametrical opposition on the diagram between the dual and the normative group that can be explained by referring to their perception of UCSC's identity (Figure 6.1 and 6.2).

In fact, the normative group supports a *systemic perspective* that implies that the organization ought to invest on internal resources (*resources-based view*) in order to maintain or even increase the reputation advantage gained in the market against other universities (Figure 6.1). This perspective is less concerned with market changes as they assume that UCSC's valuable educational proposition is motivation enough to maintain student enrolment numbers. Thus a strategy is likely to engage the Institution in a *prescriptive process* which assumes that the members of the organization share a common set of values that will unite them while seeking the strategic outcomes indicated by the university. Like a medical prescription they abide by it in order to recover. The *approach*, which is also *prescriptive*, sees market fluctuations (e.g. increase or decrease of student enrolment) as irrelevant since the university attracts students thanks to a consolidated tradition of recognized excellence.

Alternatively, the dual group is more inclined to recognize in the market an essential role in defining the strategy while considering the normative nature of UCSC, expressed in its mission, equally important. They retain that the decrease in student enrolment (Chapter Two) challenges the reputation of the university. They are thus more confident in adopting strategic managerial practices borrowed from the private sector. Their *strategic perspective* is *evolutionary* as it rejects the assumption that the market would remain stable (or the consolidated reputational advantage of the university will not change) (Figure 6.2).

Since the dual identity group perceives UCSC as both market- and mission-driven, it favors either or both the *resource-based view* and *competitive forces view*. In fact, a university wishing to engage strategically – to either recover from retrenchment or to consolidate further its competitive advantage – has to decide whether it should

take on a strategy that chases the market (Lennington, 1996; Eckel et al., 1998) or focus rather on the review of its resources to exploit its advantage and develop capabilities that reinforce the institution's identity (Whetten, 2006). When it is retained that an organization holds both identities, utilitarian and normative, both attitudes are required (*mixed view*). Consequently the *approach* to be taken is *adaptive* since it can be modulated depending on the opportunities offered by the market or even on the necessity to serve the mission.

I argue that the discord registered between the leaders supports the existence of two identities within UCSC (Albert and Whetten, 1985). I infer that if this disagreement is not resolved UCSC will be in high risk of finding itself in a strategic deadlock. And finally I suggest that there are other possible factors, such as leadership and governance (Finding #6), to explain this phenomenon. In fact, the absence of a resolution might indicate that either leaders are unsuitable to work in such an educational context or that the context is unsuitable to support leadership (Fiedler, 1967; Jarzabkowski, 2003; Mintzberg, 2004; Rui Santiago et al., 2006; Joyce and O'Boyle, 2013).

Within UCSC, leadership seems to be weakened by the unfavorable environment in which it is expected to operate. In other words, leadership and management become relevant when a decision-making process is in place and feasible in an organization (Stensaker et al., 2012). Change would consequently result as an effect of these decisions. Ultimately, if nobody can make decisions within UCSC, management and leadership become only rhetorical devices (Labianca et al., 2001; Greenwood et al., 2011).

I came to such a conclusion by analyzing the governance in place at UCSC. The academic and administrative senior leaders each report to their respective bodies. On the one hand, those from the faculty have their own constituency, that is the academic body of voters; on the other, the administrative leaders report solely to the Board although they cannot avoid engaging professors in order to reach their

objectives. This might well provide an explanation for the different orientations, not just towards leadership, but also towards strategic management (Finding #5): for some (dual identity), it would be professionally vital to have a strategic plan and support its implementation, but for others (normative identity) a strategy would come in conflict with overall or individual political goals: if one serves the strategy it might disgruntle the constituency.

The lack of awareness among UCSC leaders with regard to leadership (Finding #6) and the impression that although they are leaders they do not perceive themselves as such, might also imply that they have not been required to exercise it within the Institution which holds them responsible for having authority but does not expect them to exercise leadership (O'Reilly et al., 2015). The relation I establish between leadership and identity is that identity drives the concept of leadership: those who believe that UCSC holds a dual identity would expect the organization to have “a multi-level, highly differentiated rank structure”; whereas the others – normative – would “tend [...] to be comparatively egalitarian” (Albert and Whetten, 1985, p. 288).

The former group sees the university as a centralized organization where “[i]ts procedures are removed from ‘democratic’ norms” (Albert and Whetten, 1985, p. 282). The latter places more confidence in the educational and religious mission of the Institution which is commonly accepted by all leaders (Whetten, 2006); control of the organization is a matter of the leaders’ personal commitment and adherence to the values that create consensus among the members of UCSC (Finding #3).

Thus, my last finding (#7) sheds light on two aspects: first it further investigates whether the presence of factors in the context, both within and outside the University, that is the Italian HE system, can either prevent or facilitate the UCSC’s strategic response; second it attempts to establish a relation between funding and organizational identity.



In regard to the first, I discussed the concept of autonomy and established a relation between funding and autonomy (Finding #7), that is the greater the autonomy does a university have, the lesser is the cost for it to achieve an outcome (Figure 3.18).

Autonomy refers to an organizational model that entitles a HE institution to make its own decisions without any requirement to abide by either the internal constituency's voice (e.g. professors and their elective rights to select the rector and deans) or by the state's external imposition (e.g. definition of academic programs) (Jongbloed, 2008; 2010; Enders et al., 2013; Donina et al., 2015).

The evidence I analyzed in Finding #7 (UCSC faculty salary's increase and UCSC travel policy) reveals that UCSC does not possess such an autonomy to make its own decisions.

I therefore reach the conclusion that state impositions, such as teaching salaries, prevent non-state universities from running efficiently (external factor). Nevertheless, the University's practice of topping off faculty members' salaries and adopting travel policies imposed solely to administrative staff indicate another issue, that is also the ineffectiveness of the model in use at UCSC and its clash with its managerial practices (internal factor).

The only way for UCSC to sustain such a model, considering both the influence of academics and the requirements dictated by management, would be to have an unlimited provision of funds, regardless of where these come from, whether from private sources – tuition fees – or from the state.

As reported in Finding #1 the only real matter of dispute among the leaders when identifying the organizational identity attributes (Albert and Whetten, 1985) was the role of the state. For some, that is the normative identity group, the state should provide more funds, whereas for the others – the dual identity leaders –

UCSC should become more competitive on the market and by doing so make up for the shortage of public contributions.

As discussed in Finding #4, an effective way to evaluate the two views is to question which one adheres more to reality. In fact,

the temporal aspect of the concept of identity is essential. A central proposition in the identity literature is that loss of identity (in the sense of continuity over time) threatens an individual's health. In fact, [in 1968] it was Erickson's original observations that the disturbances of army personnel after World War II might be derived from their loss of continuity with their previous life that led him to originate the concept of ego identity as a sense of sameness over time which was necessary for psychological health. (Albert and Whetten, 1985, p. 272)

Thus, the normative group might not accept reality – for instance the presence of new conditions in HE created by the market or the cut of public funding – because this would imply giving into change, and consequently dealing with loss. Nevertheless, denial of reality – the causes of being in a retrenchment phase as in the case of UCSC – translates into an inability to adapt, for any reason, to external conditions.

I infer that the normative group feels much safer with the maintenance of the status quo (i.e. state control model) since it guarantees continuity with the past and thus the survival of UCSC's identity. Nevertheless, under the current circumstances, in putting forward a much more market-oriented strategy, the dual identity group might fail to consider both the internal and external conditions under which UCSC has to operate.

## **7.1 Final considerations**

The leaders I interviewed converged unanimously on the definition of UCSC's identity attributes. Nevertheless, a split was detected among leaders that explained the emergence of two distinctive groups (normative and dual identity), in regard to the role of the state in the Italian HE system and more in detail in relation with UCSC.

Identity is formed and develops within a context. The alteration of such a context, that is the public funding cut to Italian non-state universities, caught UCSC's leaders unprepared to deal with the new situation: the inability to put in place a strategy due to the never-ending debate among leaders on the university's identity corresponds to the phenomenon observed by Albert and Whetten which gave birth to their Organizational Identity Theory (1985).

#### *7.1.1 The context*

It seems that there are no conducive conditions in either the Italian HE system or at UCSC to allow the University to respond strategically to the effects of the retrenchment phase. The former, rather than supervising, is assuming its role of control: it has power over faculty, their salaries and defines the content of the academic curricula. UCSC does not possess the requisites to play strategically. In fact, it has a governance that conflicts with managerial practices: the influence of faculty, as for their voting power, prevents the feasibility of any strategic decision. The different reporting lines, one for faculty to the Rector and the other for the administrative staff to the Board, might override the coherence and consistency of a strategy in both its development and later its implementation. In such an environment neither leadership nor management can develop properly.

#### *7.1.2 The expectation*

Under the current circumstances, UCSC will not be able to function strategically. The accounts of many interview respondents demonstrate frustration and disappointment among UCSC staff. To overcome the problem UCSC might consider two different paths: the first (long-term), implies a revision of the governance that would allow the University to exercise its autonomy fully, or at least to abolish the effects generated by a voting constituency among its staff. This would not resolve the crisis at first but would represent a *sine qua non* condition to go beyond wishing but actually to behave strategically.

The second (short-middle term) implies rather a managing of expectations; since the governance will likely not change it would entail revising the strategic plan, which in fact has not yet seen the light after twenty-seven (27) months, and reset the University's primary objectives. This would eventually offer a chance to prevent making the same mistakes (e.g. avoid a top-down approach; involve the constituency from the very beginning; sharing the motivations for defining a strategy, etc.) and negotiate with the university's components, both academic and administrative, a way to recover from retrenchment.

### *7.1.3 The Discord*

The disagreement observed at UCSC over organizational identity reveals a deeper uneasiness that revolves around the inadequacy of the context both at the state and at internal levels.

I draw this conclusion after having demonstrated that both groups, normative and dual identity, engaged in the university debate hold legitimate stances. The normative group's position is that of acceptance, although with some degree of reluctance, of the current relationship between the state and Italian universities. The dual identity group retains instead that such a role, and thus the complete control of the state over universities, disqualifies the needs of the market, which is highlighted by the increasing degree of competition, no longer just national, among universities to compete for students, grants and global reputation.

What emerged from the research is that, unlike state universities, UCSC has the opportunity, thanks to its nature and legal status, to change its own future by making some choices with at least some regard to its governance. The definition of UCSC's organizational identity would certainly contribute to looking at the university detached from its constituency's interests and to favoring the development of the university in continuity with the ideals of the founder, Agostino Gemelli (Chapter Two).

## 7.2 Implications for managerial practice

The recommendation of this study is that universities should (re)consider organizational identity as a key factor in their change process. This approach should revisit the practices currently dominant that led strategic management from the top of the organization, with the risk of creating parallel and distinctive conflicting agendas, that might challenge the successful implementation of the strategy, such as in the case of UCSC.

This study provides a useful tool for those universities that are considering to develop or rather refresh their strategy. In fact, the diagram that has been utilized (Figure 3.24) offers a framework that helps detect how the universities' components see organizational identity. This is particularly relevant in a context where, due to the governance arrangements in place, the management of a university needs to gather support and consensus from staff rather than having the authority and power of deciding a strategy from the top.

It recognizes the importance of supporting the change process in all its phases. It favors communication in the starting phase, as the data collection stage requires one-to-one meetings with those the university believes important to engage, such as deans, directors, etc.; it recognizes the role of each component and the importance of their commitment to the strategy; it anticipates possible conflicts between the identity and the culture of the institution and the content of the strategic plan.

In other words, the utilization of the diagram would guarantee that all the requisites to start, develop and implement a strategy were to be in place before and during the definition of a plan and its execution. Not least, it monitors discontent among university staff and alerts the university's leadership in case of confusion or lack of interest among senior managers, either academic or administrative.

As a final outcome, the collection of information through the current diagram would show what *perspective, view, approach* and *process*, according to its members, would best be suited to the institutional strategy. This would lead to the release of information regarding the actions that should be taken to align the different senior administrators' perceptions with regard to organizational identity and strategic processes when more than one is present within the same institution.

The data collected through the diagram would also evidence the relevance of having strategic management processes and practices in place as a *sine qua non* condition to develop strategies and the inconsistency of the governance model in a given institution (e.g. at UCSC the dual constituency, academic and administrative, would indicate an unfavorable environment for carrying out a strategy due to the absence of a strategic management process and thus the inability of the University to follow its decisions).

### **7.3 Implications for policy makers**

Starting with organizational identity, this study recognizes the responsibility of the state in defining the identity of an institution, even a non-state one, and shows how the prevalence of the controlling role of the state in the Italian HE system facilitates the development among members of a university of a normative identity over the utilitarian one.

Although the Italian state endeavored to become a less influential and coercive force (Gelmini Reform, 2010), it can still limit universities through directives that prevent *de facto* autonomy and hinder diversity. Thus, UCSC finds itself subject to opposing powers as it seeks to meet the requirements of the Italian regulatory framework and to respond to market pressures. If state constraints are high, UCSC may decide to emulate public universities in order to diminish risk and uncertainty or alternately to increase its own legitimacy rather than embrace greater diversity based on its peculiar identity.

This conclusion corroborates a study published in 2014 (CRUI) which analyzes the effect of the 2010 Italian University Reform on non-state higher education institutions and infers that the new legislation threatened the identity of those universities by imposing a model that requires sole compliance to state regulations and denies diversity.

The findings of this single case-study would support other researches (Aghion et al., 2008; Jongbloed, 2010; Enders et al., 2013) that have dealt with the issue of the role of the state (i.e. controlling versus supervising) drawing from the outcomes produced by its HE system (e.g. research's quality, students' enrolment, etc.) and reach the conclusion that universities, as well as the state, would benefit more in terms of system efficiency from a supervisory role of the state given the conjectural circumstances (e.g. funding cut, global crisis, etc.).

Italian policy makers might consider adopting a case-study design to verify the effects of the Reform on the universities' identity and culture. They may also evaluate making amendments to it based on the information gathered by such a research with regard to the unfavorable context created by the effects of the 2010 Reform.

#### **7.4 Contributions**

The research strategy utilized in this study led to the application of the Organizational Identity Theory (Albert and Whetten, 1985) to explain tension within a non-state university during its attempt to develop a strategy.

Organizational Identity Theory has not been previously applied to an Italian university. Some differences between the HE institution and context where the theory was developed, that is the US and the location of the current case-study, that is Italy, suggest some caution (i.e. the respective institutional governance arrangements and the diverse role the state plays in each HE system might lead to

different conclusions), but at the same time the many similarities open avenues for further investigation.

However, the use of the organizational identity lens was successful, making a valuable contribution to the field of organizational studies. Ideas, thoughts and concepts have been elaborated from a variety of sources and disciplinary areas, such as strategic management, organizational and policy studies. The outcome is a cross-disciplinary contribution to the understanding of organizational identity and its impact on university management.

The development of the Organizational Identity Theory's diagram (Albert and Whetten, 1985) and its integration with Whittington's matrix (1993), together with other elements borrowed from strategic management studies, such as perspectives, views, approaches and processes (Figure 3.24), led to some useful observations about the impact of leaders' perceptions of identity tied to the content of the strategy, and the importance of the context for supporting management and leadership. As I went deeper into my research it became evident that it was necessary to place less emphasis on the actors but focus instead on their decisions and how these were made and influenced the institution's strategy. I thus exploited the literature on leadership and change management in order to find elements that support the importance of the context as opposed to the skills and competences of the leaders.

As a result of using the theory on organizational identity as lens, it was possible to identify three significant contributions to the field of organizational studies.

First, my research is placed within the domain of an internal organization's belief system that informs sensemaking and consequent action among the members of an organization (Gioia, 1998; He and Brown, 2013; Weerts et al., 2014). It also engages the discussion with regard to the definition of organizational identity and the two approaches that such a conceptual definition has generated in strategic



management studies: essentialist and strategic (Glynn, 2008; Harris, 2011; Stensaker et al., 2012; Stensaker, 2015).

Second, organizational identity theory applied to the Italian HE context proved to be useful in detecting tensions, explaining controversy within the institution while developing a strategy, and promises to be a relevant device to support strategic change management (Weick, 1995; Mills et al., 2005; Greenwood, 2011; Watson, 2009; Locke et al., 2011). This is especially relevant for those HE contexts where consensus has to be gathered from the university's members due to the governance arrangements in place, represented by a mix of management practices and electoral customs (Capano, 2010; Minelli et al., 2012).

Finally, the results indicate that the most significant explanation for the lack of or slow manifestation of change in a university is the absence or rather the inadequacy of a conducive context, both within the institution (governance) and outside (the Italian higher education system). Both the internal and external factors set the necessary degree of autonomy required for the growth and development of institutional strategic responses. In this regard this research also contributes to studies on HE policies and consider those systems that favor effective strategic responses by universities (Ferlie et al., 2008; Capano and Piattoni, 2011; Donina et al., 2015).

If UCSC is going to strategize its activities as a necessity imposed by the financial crisis, it must be aware of the constraints and how such limitations contribute to the shaping of the perception of its identity among members, that is the clear divide between those who support the normative character of the University against the dual identity group.

The results of this study show many consistencies with those of wider research in the literature on organizational studies, strategy, HE management and HE policy. This suggests that the results are highly relevant in the national context and possibly

in the broader context. The consistency of topics recognized in the literature reviewed earlier in the research include: examination of internal organizational belief (organizational identity) and how this informs members of strategic actions, difficulty in setting up a strategy, the weakness of universities in developing management and leadership, and features and hindrances that make a HE system more conducive for developing university autonomy.

The exercise conducted in this study with the support of the diagram developed from the literature (Figure 3.24) offers a tool that UCSC should consider using to realign its strategic effort with its members' perception and characterization of the university's identity. This too may also be transferable to other universities and utilized to support transformation processes within institutions where similar organization-wide change is required.

## **7.5 Limitations and further studies**

Given the complexity of UCSC (e.g. at the time of data collection and analysis the University and its Hospital were legally, financially, and economically considered as a single institution) and my concern regarding the limitations in clearly defining the boundaries of the case, I made a decision to conduct a pilot case-study to verify whether a distinctive line of separation could have been drawn between the two – the University and the Hospital; and contextually assess the research design I had chosen. I reported in Chapter Four the result of the pilot and consequently the changes I made to both the research design and field procedures to build my research (Punch, 1998; Yin, 2003).

However, as I proceeded with the analysis of my data further limitations of the study surfaced. The size of the sample is perhaps the most evident. UCSC has four campuses and limiting the number of interviewees to twelve (12) might have impacted the construction of a detailed representation of the situation. Although I decided to expand the sample from six (6) to twelve (12) after completing the pilot, additional respondents would have indeed benefitted the study with a larger

collection of leaders' perceptions with regard to organizational identity that, especially when considering the Rome campus and its complex connection with the Hospital, would have given greater weight to the conclusions found relating to the definition and characterization of UCSC's identity as seen by its leaders (Finding #1, #2 and #3).

The interviewees were chosen because of their participation in the Strategic Planning Committee of the University, where I first noticed the emergence of disagreement among leaders with regard to UCSC's identity. After having completed the analysis on leadership and governance (Finding #6), and on funding and autonomy (Finding #7), it would have been useful to gather more information by including in the sample UCSC staff that was less exposed to the development of the strategy (e.g. middle managers and ordinary faculty staff) and collect their views on how they see the governance at the University.

Discussions with academic staff and management would have given an interesting insight into the cross-over between governance and leadership. If the same unclear perception with regard to roles and responsibility within UCSC detected among leaders interviewed in this study would be confirmed, this would represent a clear opportunity for further research on these issues.

The research could have centered on change management and leadership, which have only been addressed in relation to organizational identity.

There were possibilities to look deeper into other aspects of the Italian HE system and particularly how national policy favors the universities' autonomy, not only with regard to non-state universities but also public ones. Instead the approach remained on the less theoretical and more practical questions of the organizational members' perception of identity and their relation with strategic development in a single case-study.

Considering the data of the case-study, there are chances to further focus research on issues of organizational studies in the context of Italian universities, especially non-state and a more detailed study of the university management in the non-state HE institutions and the use of their autonomy in designing different governance models.

In fact, since the outcome of this study (Finding #5, #6 and #7) suggests that there is, due to the institutional governance model in place, a correlation between the ineffectiveness of strategic management and the University leadership, I believe that further research should be conducted to define more clearly the possible issues at play and identify suitable solutions.

The data gathering period of this research took place in 2015 and 2016. The effects of the retrenchment phase on the University are still matter of concern. Further research could therefore usefully extend the timeline of the study and see whether UCSC will recover in a changing climate (e.g. further cut to public funding, Italy's unstable economy, etc.) and which characterization of its identity, normative or dual, will prevail.

Perhaps most important of all would be the further validation of the tool developed in this research (Fig. 3.24). This could be done in two ways. As in the case of UCSC, a researcher might identify another HE institution struggling with the implementation of its strategy and check whether there is disagreement among university's members on the definition and the characterization of the identity. The researcher could contextually search for a possible correlation between identity issues and strategy, its elaboration and management. Or, as already suggested, another topic of investigation could be a HE institution that would be about to initiate its strategic plan, where the tool (Fig. 3.24) could be used to detect identity conceptions within staff, collect data to engage the university community and develop a strategy likely to be more suitable to the institution.

This exercise could be extended to other research areas interested in investigating the impact of exogenous factors, such as internationalization, on the university's identity. "As comprehensive internationalization expands [...] one can expect significant challenges to institutional policies and procedures, invoking the need and rising pressure for organizational change. Institutional identity, core values and mission may undergo significant alteration" (Hudzik, 2014, 37-38). The role of identity and its importance in times of institutional change is likely a universal organizational phenomenon that transcends borders. This is particularly true when looking at the impacts of globalization and internationalization on organizational identity. For example, the American landgrant institutions began over 150 years ago with a very particular set of domestically-focused values and orientations around giving ordinary people access to higher education, not just the elites. They were also charged with community development and problem solving (application research). Over the last three to four decades, most of these landgrant universities were challenged first to become more akin to top research institutions engaging in basic research, and then again to be responsive to the realities of globalization (Hudzik and Simon, 2012).

Recent researches have also demonstrated that transformational change within HE institutions, in the attempt of attracting more students and thus becoming more innovative, alters the culture and the identity of HE institutions by challenging institutional values and behaviors (Kezar, 2013).

Detecting the organizational identity and its relation with strategic management would become relevant and the process would be very similar to the one undertaken in my study. In fact, when something happens in the life of an institution (and that can either be a financial crisis, the impact of globalization on a HE institution or the effort of becoming more innovative), it triggers a discussion among organizational members on "what the institution is". Consequently, strategic change may be brought about by taking into account the identity of the institution, its mission and values (Alber and Whetten 1985).

In particular my research focuses on how organizational identity is of significance when studying the existing challenges universities are encountering, and how this theoretical framework may be utilized to address intrinsic problems in higher education research, that is the relationship between continuity and transformational organizational change (Weerts et al., 2014; Stensaker, 2015). In this instance, the tool developed in my study could be assessed, and eventually adapted and developed for other transformational change cases in a HE context and be the object of further research.

## **7.6 My personal journey**

The DBA program, and in particular the undertaking of this research, has contributed to important changes in my professional life. The main reason for enrolling in a Doctoral program resided in my difficulty in understanding the origin of most decisions made at the university. Most importantly I was not used to using research tools and to making use of them in my professional career. I wanted to challenge years of consolidated behaviors or at least confirm the legitimacy of those habits. I knew how to do things but I did not know why those practices had been adopted. A particular example that explains some of my frustrations as a professional is the decision-making process that is at work at my Institution. Strategic decisions are made most often under time pressure and with insufficient knowledge of relevant information and data, they are made instead based on pre-conceived views held by the leadership. For instance, the percentage of students who choose to enroll at the University for its Catholic identity has dropped consistently in recent years. Only one out of four students claims that his/her decision to enroll has been influenced by the values identified with the University. Nevertheless, senior leaders consistently refer to “our” students as those who come to the Institution primarily because of its identity and the values associated with it. As a result, actions driven by this assumption may not meet the real needs of the University’s primary stakeholders.

My research interest originated from within my institution and represented a unique opportunity to apply what I learned in the DBA program. My position at the University allowed me to observe the lively debate taking place in the Strategic Planning Committee between the management staff more inclined to make profound changes at the institutions to respond the retrenchment phase and others who favored a *status quo* and justified their position by inferring that the financial problems were circumscribed to a conjectural and temporary period. The identity of the Organization became the point of contention as for some the adoption of economic rationales borrowed from the private sector would have obscured its Catholic identity; and for others a refusal to challenge the University's identity would have threatened its survival.

This is yet another example of the decision-making tendency, that is generally not founded on solid data, which could result in affecting the University's existence. The institutional leaders' refusal to adopt information-based solutions would leave the University at the mercy of its politics.

#### *7.6.1 A lesson learned*

At this point I am naturally tempted to take a side and be part of the political game myself. I was confident of my personal belief and the reasons why I supported the general position presented by one of the group of leaders. I then realized that this inclination would have delegitimized my attempt to approach the issues at hand as a researcher, which brought me back to my main motivation for enrolling in a DBA program: I wanted to build a bridge between the world of "practice", that professional area where people do things and apply research findings, and that world of "inquiry", ideally made by those who conduct studies that inform, improve and justify actions. Unfortunately those two sides rarely intersect.

Approaching the problem as a researcher implied defining a question about the Organization's identity: "what is it and how does it shape strategy". The following step was to look around me and seek those who could have helped answer my question. Conducting the literature review was in fact an enjoyable task. I realized that this was less an exercise to provide a background for my study and more a discussion which I engaged with numerous scholars. The main surprise during this phase was to discover that others had coped with my research problem and that their findings were not only available to me but they also offered opportunities to increase my knowledge. Since I started my study I "encountered" many scholars who have accompanied my work and made my effort lighter and my knowledge broader.

I think of Gary Thomas (Thomas, 2011) who guided me with his humoristic writing style in the design of my research; or Albert and Whetten (1985) from whom I 'borrowed' the theoretical framework I applied to my research; I appreciated Capano's work (2008; 2010) and analysis of the Italian HE system and thanks to whom I confirmed my own interpretations of the situation of HE education in my country; I found in Marshall (2007) a description of my own Institution when discussing the difficulties encountered by a HE institution engaging in a strategic management process; Jongbloed (2003; 2008; 2010), whose name its unpronounceable for me, provided an analysis of different HE funding models which made me understand better the systemic HE problems the Italian context suffers from. In this journey, I was also greatly assisted by Huisman (2009), Naidoo (2014), Shields (2013), from whom I learned how to become a researcher.

Reflection on the reading undertaken in preparation for the thesis has led me to understand that any strategic change within an organization requires a deep knowledge of two factors: the people within the organization and the context, internal and external, that influences the people's decisions. But in general, I learned how to gather information and make use of it in my daily work.



With regard to my own thesis, the DBA program invited me to reflect on the diverse research methodologies that I could engage in. Since the identity of an organization resides in the perception its members has of the said identity I retained the interpretivist approach, the most appropriate in this case, which is based on the social constructionist view to provide an explanation for the behavior of individuals.

I also considered the use of other research tools such as surveys or questionnaires. However, they would not have supported the construction of reality I was seeking. I wanted the concept of organizational identity to emerge from the University's members' accounts and descriptions, not as a means to solve a problem, nor for claiming generalization and/or representation of the case-study, but rather solely as a means to understand and explain the dynamics that were at work at the University. Interviews are "a very good way of accessing people's perceptions, meanings, definitions of situations and constructions of reality. It is also one of the most powerful ways we have of understanding others" (Punch, 1998, pp. 174-175).

Given my immersion in the University and the in-depth understanding of the environment, the approach had to be ethnographic. I built the account attempting to discover the members' perception of identity of the Institution with an interpretive-constructivist epistemological perspective, since "interpretivists say that there is no 'objective' social world 'out there'. Rather, it is constructed differently by each person in each situation they face" (Thomas, 2011, p. 51). I had accepted the organizational members' view as the reality to explain and unfold using a realist ontology, since our "knowledge of the real world is inevitably interpretative and provisional rather than straightforwardly representational" (Frazer and Lacey, 1993, p. 182).

Thus, the critical thinking exercised during the DBA seminars, reading about different research methods (Thomas, 2011; Yin, 2003; Punch, 2008; Silvermann, 2005; Creswell, 2003) and their application in carrying out the four assignments also

gave me the necessary confidence in choosing and handling the qualitative and interpretive perspectives that I adopted in my research.

In conclusion, I believe that my professional life as well as my leadership skills will benefit enormously from this research. The most important achievement can be found in the grounded conviction that opinions might be right or wrong but a professional, when making relevant decisions for the organization, has the duty to justify them, either directly by conducting his/her own research or indirectly by employing those who can provide a more and better informed analysis. This can be pursued either by a direct knowledge and capability to undertake research for supporting one's decisions, as I will after my DBA "novitiate"; or, since in my job I will not have the time to conduct research to ground each and every decision, by providing my institution with the necessary information to support the decision-making process. As an example, for this purpose, in 2011, as Director of the International Office, I strongly supported the creation at my university of a research center for higher education internationalization that has the aim to accompany the institution in making the choices that will inform its strategy on comprehensive internationalization.

For the future, I wish to extend the lesson I learned to other professionals in the field starting with those I work with and those who I esteem.

## **7.7 Final thought**

My analysis has made evident that the difficulties encountered at UCSC in initiating a strategy are not a result of the University's motivation or reluctance to define a strategic plan but are directly connected to the leaders' diverging discernment of organizational identity and how these influence their strategic choices.

This work demonstrates that the effectiveness of any strategy depends largely on the existing conditions, that is the autonomy and its use as reflected in the governance model, rather than its strategy's content or form.

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## **Annex 1**

### **E-mail invitation to potential respondents providing information about research objectives**

**From:** Mazzoleni Edilio  
**Date:** sabato 16 maggio 2015 17:25  
**To:** XXX  
**Cc:** Mazzoleni Edilio  
**Subject:** Appointment for interview. 3-20 June.

Dear XXXX,

As I recently mentioned to you, I would be very grateful if you would agree to me interviewing you as part of my doctoral research, which I am carrying out at the University of Bath in the UK. The interview would take up about an hour and a quarter of your time, and it would be helpful if we could arrange a date between 3 and 20 June.

The content of the interview would be used exclusively for my research and you would be referred to as Respondent 1/2/3, and your name would not appear anywhere. Should the research be published at any point, I would return to you for further consent.

The title of my research is:

"A university in a period of disruption: Identity as an explanatory interpretation of strategic decision-making".

Abstract:

My research interest is directly connected to the institution of higher education where I currently work. My institution, a non-state university, is now facing a situation of crisis. This crisis of the past three years, after many decades of growth and consistent availability of abundant resources, during which the majority of organizational decisions have been simply made on the basis of economic and financial rationales, has forced the university to make important strategic changes.

The specific issue under investigation is how individuals within an organization manage change during a period of crisis and how the notion of a shared organizational identity figures into this process. The research poses two questions related to how managers perceive the identity of the institution, and how it shapes

their decisions. It addresses these questions through the study of a single institution, using a sample of both academic and administrative managers.

In order to answer my research questions, I have identified through the literature review a theoretical framework of analysis within organizational theories that I have retained most appropriate, which is Organizational Identity Theory (Albert and Whetten 1985). I intend to modify Albert and Whetten's diagram representing hypothetical paths of identity change within organizational life cycles (1985) to encompass my institution's characteristics of organizational identity discovered through semi-structured-open-ended question interviews. The data collected will then be further verified through documentary analysis.

We would discuss the following subject areas during the interview:

- Perception of the identity of UCSC: characteristics which distinguish its identity, which are central to it and which last over time;
- Challenges to the identity of UCSC (if any) in the current context of change (both internal and external);
- Developments for the future (strategy) and opportunities and threats to the identity of the university.

Thank you for your interest and I look forward to hearing from you about the possibility of an interview.

Best wishes,

Edi

## **Annex 2**

### **Interview questions**

#### **Origins**

1. Why was the university set up?
2. How has it evolved and can clear stages of development be detected?
3. What is the mission of the university?
4. Who are the key stakeholders? What role do they play?
5. Who has the university been accountable to over its history? How has this changed/evolved since it was founded?

#### **Institutional leadership and change**

6. How are leaders elected or appointed?
7. Has the role of leadership changed over time?
8. How do you and others perceive the leadership?

#### **Funding**

9. What is the funding model?
10. How is financial autonomy ensured?
11. How are resources allocated?
12. What is the role of the stakeholders?

#### **Perception of the identity**

13. How does the history/legacy of UCSC influence the current identity of the university?
14. How would you answer the question: "Who are we?"

#### **Centrality**

15. What virtues/characteristics does the university articulate and express that seem to be of prime or central significance and importance to UCSC?
16. What issues are of prime and central importance to UCSC?
17. What values are of prime and central importance (and are expressed) at UCSC? (With reference to those that are considered irreversible).
18. Would you be able to describe the essential nature of UCSC?

#### **Distinctiveness**

19. Do you think UCSC has an identity that makes it distinctive?
20. If so, what are your general thoughts about its identity?
21. Where is it observed?

22. What makes UCSC different from other Catholic universities ?
23. Faculty: positions, roles, relationships. Faculty-student: relationships, roles, curricula, connection etc.

#### **Temporal continuity**

24. What virtues/values have endured and stood the test of time at UCSC?
25. Faculty: positions, roles, relationships.
26. What has changed in UCSC over time but has nevertheless retained its essence?
27. What has made UCSC the university it is today?

#### **How many identities**

28. Would you associate the university's identity more with an entrepreneurial or a non-profit organization?
29. On a scale from 0 (non-profit) to 10 (enterprise), where would you position the following university components?
  - a. Education
  - b. Bachelor and graduate programs
  - c. Professional masters
  - d. Short-term programs

#### **Research**

30. Research related to the identity of the university, e.g. family, bioethics, social doctrine, international solidarity, life, etc.
31. Research in the hard sciences such as medicine, physics, agriculture, etc.
32. Research in the social sciences
33. Research for industries
34. Consultancies
35. Other areas of research

#### **Services**

36. Services related to the academic offering such as the availability and quality of the lecture rooms, study rooms, teaching services, programs abroad, etc.
37. Services related to extra-curricular activities such as service to the community
38. Services/facilities related to social activities, such as gyms, canteens, social programs, international programs, etc.

#### **Challenges to identity**

39. Over the last decade, how has the identity of the university been challenged?

40. How has the sustainability of the university been challenged and what roles has identity played in the process?
41. How would the university be able to retain its identity in a changing world (e.g. globalization)?
42. In 5-10 years, what will have remained the same?

#### **Strategic plan**

43. What does the strategic plan seek to achieve?
44. How are the issues of growth, diversification, uniqueness and vulnerability faced?
45. Are there internal obstacles to the realization of the strategy?
46. What resources are in place to implement the plan successfully?
47. What instruments of authority can be used to reach objectives in the strategic plan?
48. How are issues of identity factored in? Are they made more salient? Are they amplified?
49. How was the UCSC community engaged in the strategic process?
50. Did the strategic process help, hinder, strengthen or reinforce UCSC identity? Can you give examples of how and why?
51. Does the strategic plan imply or entail a mission change? In what way?
52. To what degree was implementation of the strategic plan a UCSC community effort as opposed to an administrative mandate?
53. Has accountability changed over time? Who is the university accountable to?
54. How are income generating activities encouraged and sustained?

## Annex 3

### Informed consent document

Title: *A university in a period of disruption: identity as an explanatory interpretation of strategic decision making*

University of Bath - Doctorate in Business Administration

### Approved by the University of Bath (School of Management)

I agree to participate in a research project led by **Mr. Edilio Mazzoleni** DBA student at the University of Bath, UK. The purpose of this document is to specify the terms of my participation in the project through being interviewed.

1. I have been given sufficient information about this research project. The purpose of my participation as an interviewee in this project has been explained to me and is clear.
2. My participation as an interviewee in this project is voluntary. There is no explicit or implicit coercion whatsoever to participate.
3. Participation involves being interviewed by Edilio Mazzoleni a DBA student from the University of Bath. The interview will last approximately 75 minutes. I allow the DBA student to take written notes during the interview. I also may allow the recording by audio of the interview. It is clear to me that in case I do not want the interview to be taped I am at any point of time fully entitled to withdraw from participation.
4. I have the right not to answer any of the questions. If I feel uncomfortable in any way during the interview session, I have the right to withdraw from the interview.
5. I have been given the explicit guarantees that, if I wish so, the researcher will not identify me by name or function in any reports using information obtained from this interview, and that my confidentiality as a participant in this study will remain secure. In all cases subsequent uses of records and data will be subject to standard data use policies at the University of Bath (Data Protection Policy).
6. I have been given the guarantee that this research project has been reviewed and approved by the University of Bath (School of Management). For research problems or any other question regarding the research project, the University of Bath may be contacted through **professor Robin Shields**.
7. I have read and understood the points and statements of this form. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.

8. I have been given a copy of this consent form co-signed by the interviewer.

\_\_\_\_\_  
Signature (Participant)  
XXX

Date: June 5, 2015

\_\_\_\_\_  
Signature (DBA Student/Researcher)  
Mr. Edilio Mazzoleni

Date: June , 2015

**For further information, please contact:**

Mr. Edilio Mazzoleni, Tel: +39.335.13.57.289, @: [edilio.mazzoleni@unicatt.it](mailto:edilio.mazzoleni@unicatt.it)



## **Annex 4**

### **Consent from the UCSC General Manager**

**From:** Elefanti Marco  
**Sent:** venerdì 5 giugno 2015 17:38  
**To:** Mazzoleni Edilio  
**Cc:** Mariani Giuseppina  
**Subject:** Re: Authorization to use UCSC as a case-study for doctoral research

Dear Edilio,

I willingly authorise you to conduct research using our university as a case-study.

Best wishes for your research.

Regards,

Marco Elefanti

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**From:** Mazzoleni Edilio  
**Sent:** sabato 2 maggio 2015 17:00  
**To:** Elefanti Marco  
**Subject:** Authorization to use UCSC as a case-study for doctoral research

To the General Manager of Università Cattolica del Sacro Cuore

Dear Prof. Elefanti,

As requested, I hereby formally ask for authorisation to conduct my doctoral research using Università Cattolica del Sacro Cuore as a case-study.

The research focuses on the identity of the university. I would like to discover in particular a) how the identity of the university is perceived by top management, both academic and administrative; and b) how the perceived identity influences strategic choices.

To do this, over the next few weeks, I intend to conduct twelve interviews of academic and administrative personnel in the university and to collect data, including financial data, by accessing various types of documentation e.g. official speeches, financial statements, reports etc.

I guarantee that the data I collect will be used exclusively for the purposes of my doctoral research thesis and should it be possible to publish my thesis in the future I will first inform the university and obtain permission from the relevant university bodies to use the data.

I look forward to hearing from you.

Best regards

Edilio Mazzoleni

Doctoral Student at the University of Bath (UK)